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Design Options for International Assessment and Review (IAR) and International Consultations and Analysis (ICA)

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FOREWORD

This document was prepared by the OECD and IEA Secretariats in summer-autumn 2011 in response to a request from the Climate Change Expert Group (CCXG) on the United Nations Framework Convention on Climate Change (UNFCCC). The CCXG oversees development of analytical papers for the purpose of providing useful and timely input to the climate change negotiations. These papers may also be useful to national policy-makers and other decision-makers. Authors work with the CCXG to develop these papers in a collaborative effort. However, the papers do not necessarily represent the views of the OECD or the IEA, nor are they intended to prejudge the views of countries participating in the CCXG. Rather, they are Secretariat information papers intended to inform Member countries, as well as the UNFCCC audience.

Members of the CCXG are Annex I and OECD countries. The Annex I Parties or countries referred to in this document are those listed in Annex I of the UNFCCC (as amended by the Conference of the Parties in 1997 and 2010): Australia, Austria, Belarus, Belgium, Bulgaria, Canada, Croatia, Czech Republic, Denmark, the European Community, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Japan, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Monaco, the Netherlands, New Zealand, Norway, Poland, Portugal, Romania, the Russian Federation, Slovakia, Slovenia, Spain, Sweden, Switzerland, Turkey, Ukraine, the United Kingdom of Great Britain and Northern Ireland, and the United States of America. As OECD member countries, Korea, Mexico, Chile, and Israel are also members of the CCXG. Where this document refers to "countries" or "governments", it is also intended to include "regional economic organisations", if appropriate.

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All OECD and IEA information papers for the Climate Change Expert Group on the UNFCCC can be downloaded from: **www.oecd.org/env/cc/ccxg**.

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Executive summary

In 2010, the international community took steps to improve the system of reporting and verification under the United Nations Framework Convention on Climate Change (UNFCCC). Parties to the UNFCCC (hereafter referred to as "Parties") decided at the sixteenth meeting of the Conference of the Parties (COP 16) to enhance reporting for all countries and to conduct "international assessment and review" (IAR) of certain information from developed countries and "international consultations and analysis" (ICA) of biennial update reports from developing countries.[1] This is a step change from the existing reporting and review system – particularly for developing countries, since information from these countries is currently reported on an infrequent basis and is not reviewed. Establishing a system that combines improved reporting with some form of international verification could improve the quality of information available internationally and increase confidence in the integrity of the information reported. This would help to build trust between countries and potentially also increase the level of ambition of mitigation actions.

Further decisions need to be made by Parties in order to determine the scope, inputs, process, outputs and frequency of IAR and ICA, as the decisions agreed at COP 16 (known as the "Cancun Agreements") provide limited guidance on these items. This paper outlines key questions to help guide such decisions and provides suggestions for the possible design and function of IAR and ICA. It outlines how they could build on existing review processes under the UNFCCC and draw on lessons from other multilateral review processes.

The language in the Cancun Agreements (UNFCCC, 2011a) indicates that the ***objectives*** and ***underlying principles*** of IAR and ICA are different. IAR is to be conducted "with a view to promoting comparability and building confidence", while the main objective of ICA is to "increase transparency of mitigation actions and their effects". Many Parties also stress the importance of ICA in helping to build capacity within developing countries to identify and implement mitigation actions (UNFCCC, 2011h). In terms of underlying principles, IAR is to be a "robust, rigorous and transparent" process while ICA is to be "non-intrusive, non-punitive and respectful of national sovereignty".

In terms of the ***process*** for IAR and ICA, this paper suggests that both are made up of three stages. However, due to the different objectives and principles of IAR and ICA, the components and focus at each stage could vary – allowing for the processes to be both common and differentiated. The proposal in this paper for the ICA process is not more onerous than that for IAR. The three stages are:

1. **Technical review/analysis** of information reported by countries to the UNFCCC. For both IAR and ICA, this stage would aim to provide confidence in the transparency and accuracy of information reported, as well as its completeness and consistency with the relevant reporting guidelines. For IAR, this stage could also include an assessment of the timeliness and comparability of information reported, and could build on reviews currently carried out under the UNFCCC and the Kyoto Protocol (KP) for GHG inventories and national communications. For ICA, this component could include an analysis of capacity building needs.
2. **Engagement at an international level** to discuss some of the information reported. This refers to the international assessment for developed Parties and the international consultations for developing Parties.[2] For both IAR and ICA, this stage could provide for engagement of other Parties and stakeholders with the Party concerned, although the form of such engagement could vary between the

[1] The country labels in this paper are consistent with those used in the Cancun Agreements. The sub-headings in Section III of the Cancun Agreements refer to "developed" and developing" country Parties. The categories "Annex I" and "non-Annex I" are referred to in the subsequent text relating to reporting but are not explicitly referred to in the text relating to IAR and ICA.

[2] For ICA, an alternative interpretation of the text in the Cancun Agreements could be that the "analysis by technical experts in consultation with the Party concerned" constitutes the technical stage and the "facilitative sharing of views" constitutes the international engagement stage.

two processes. The current system for review under the UNFCCC and KP does not provide for international engagement on reports from individual countries, so this stage would be new.[3] For IAR, this stage could include a discussion of comparability across developed countries (including technical and/or political aspects of comparability).

3. **Further consideration of outputs**. Depending on the scope of IAR and ICA, the outputs from the previous stages may be relevant to several different bodies. In particular, the outputs could be considered further by the Subsidiary Body for Implementation (SBI), as both processes will be held under its aegis. Other bodies to which the outputs may be relevant include those governing the operation of the financial, technology and market mechanisms that are already operating or that are planned to be established. In addition, the outputs from IAR and ICA could provide input to the 2013-2015 review of the long-term global goal. For developed countries, the outputs from the IAR process may also be relevant to any existing or new bodies assessing the implementation of commitments under the Convention and/or the KP (e.g. the Compliance Committee for KP Parties). For developing countries, the outputs may also be relevant to the work of the Consultative Group of Experts.

The sub-components of these main stages may differ between IAR and ICA. For example, promoting comparability is an aim of IAR but not ICA, so the IAR process could include sub-components that focus on the technical, procedural and/or political aspects of comparability. Other sub-components, such as a technical check that the information provided is transparent and accurate, could be common to both IAR and ICA. Given the emphasis in the Cancun Agreements on flexibility for developing countries, the process and contents (and potentially also timing) of ICA may also differ within the group of developing countries; for example, a completeness check may not be included for LDCs and SIDS.

In terms of ***scope, inputs, outputs*** and ***frequency*** of IAR and ICA, the Cancun Agreements contain ambiguity and limited detail, particularly for IAR. For example, there are a range of possible interpretations of the text relating to the scope of the IAR process, which could range from a focus on historical, quantified data on GHG inventory information and unit transactions, to one that also includes emission projections, mitigation actions and/or financial support. Decisions on the scope of IAR and ICA will impact their possible frequency as well as the possible inputs and outputs. For example, while developed countries will report GHG inventory information annually, they will only report emissions projections biennially. The frequency of an IAR process that considers emission projections could therefore not be annual (although one focusing on historical GHG inventory information and unit transactions could). In terms of possible outputs from these processes, the Cancun Agreements stipulate that ICA will result in a summary report but do not specify the outputs of IAR.

The existing reporting and review system for Annex I Parties already has significant resource requirements at the national and international level. It is therefore important that the resource implications are taken into account when taking decisions on the scope, frequency and outputs of the new IAR and ICA processes. Extending international verification to climate information provided by developing countries will also greatly increase the demand for technical experts to participate in the process. Although the resource implications of IAR and ICA could be significant, these processes have the potential to bring benefits to both the Party concerned and the international community; in particular, by creating opportunities for capacity building in developing countries and by encouraging all countries to develop effective and ambitious climate policy responses. Table 1 summarises the options identified in this paper for the objectives, scope, inputs, frequency, outputs and process of IAR and ICA, and Table 2 highlights key questions to facilitate decisions on IAR and ICA.

[3] Several mitigation workshops have recently been undertaken under the AWG-LCA to clarify the assumptions and conditions behind the emissions reduction targets of Annex I Parties and the mitigation actions of non-Annex I Parties. However, the scope of these workshops has been limited and they have not been conducted on a systematic basis.

Table 1: Summary of possible options for IAR and ICA

	IAR	**ICA**
Objectives	Promote comparability and build confidence in information reported by developed countries	Increase transparency of mitigation actions in developing countries
Scope	• Historical GHG emissions • Information on GHG units and LULUCF • Mitigation target • Mitigation actions • Emissions projections • Support provided	• Historical GHG emissions • - • - • Mitigation actions • Emissions projections • Support needed/received
Inputs and frequency	Technical review • GHG inventory *(reviewed annually)* • National inventory report *(reviewed annually)* • Information on GHG units and LULUCF *(reviewed annually for KP Parties, frequency tbd for non-KP Parties)** • Biennial report *(reviewed biennially)* • Previous national communication International assessment *(could be annually or biennially, depending on scope)* As above, plus: • Written questions from other Parties or observers • Other information provided by the Party concerned	Technical analysis *(frequency tbd – could vary)*** • - • (NIR included in biennial update report) • - • Biennial update report • Previous national communication International consultations *(frequency tbd – could vary)*** As above, plus: • Written questions from technical experts, other Parties and/or observers • Other information provided by the Party concerned
Outputs	Technical review • Individual technical review reports*** • Aggregate compilation and synthesis reports (GHG inventories and biennial reports)*** International assessment • Summary report	Technical analysis • Individual technical analysis report*** • Aggregate compilation and synthesis report (biennial update reports)*** International consultations • Summary report
Process	Technical reviews UNFCCC/expert review team checks: • transparency • accuracy • completeness • consistency with AI reporting guidelines • comparability • timeliness International assessment • Discussions on technical and/or political comparability of progress on mitigation • Questions and answers between the Party concerned and other Parties or observers Further consideration of outputs • SBI • 2013-15 review • Finance and technology mechanisms • Participation in market mechanisms • Other (to be decided)	Technical analysis UNFCCC/expert analysis team checks: • transparency • accuracy • completeness • consistency with NAI reporting guidelines • - • - International consultations • - • Questions and answers between the Party concerned and technical experts and/or other Parties or observers Further consideration of outputs • SBI • 2013-15 review • Finance and technology mechanisms • Credits/incentives for market mechanisms • -

* For developed country KP Parties, information on GHG units and LULUCF is already submitted annually and reviewed as part of the GHG inventory review under the KP. For developed country non-KP Parties, information on GHG units and LULUCF could also be reported and reviewed, either annually or biennially.

** The frequency could depend on the level of support provided, country grouping (e.g. less frequent for LDCs and SIDS) or other criteria (e.g. share of global emissions, capability or progress made in implementing mitigation actions).

*** If the technical review/analysis stage comes before the international assessment/consultations stage, the technical review/analysis reports and C&S reports could provide inputs to the assessment/consultations.

Table 2: Key questions to facilitate decisions on IAR and ICA

	IAR	ICA
General	How much of the IAR process should focus on political issues and how much on technical issues?	How much flexibility is there in terms of ICA (e.g. content and frequency) within the group of developing countries? How would such flexibility be determined?
	What is needed to ensure that the IAR and ICA processes are effective and practical?	
	What incentives can be provided to facilitate improved reporting over time?	
	How are other Parties and stakeholders involved in the IAR and ICA processes?	
Scope	Should biennial reports be reviewed? If so, what information should be included in the scope of the review? Should the scope of the international assessment include projections, information on mitigation actions and/or support provided?	What information in biennial update reports should be included in the scope of the technical analysis? What information should be included in the scope of the consultations? Should this vary by country?
	To which review(s) does the "R" in IAR refer? How does the scope of IAR compare with that of revised annual inventory reviews and periodic reviews of national communications under the UNFCCC and KP?	Can supported and unilateral actions be distinguished from one another? If so, does ICA include consideration of both?
	To what extent are IAR and ICA forward-looking?	
Inputs	What inputs can be used for IAR and ICA? What is the involvement of other Parties and stakeholders in any international verification, and how should they provide their input?	
Frequency	How often should IAR be carried out? Should the frequency (and scope) be the same for all developed countries? Could IAR be conducted for groups of developed countries?	Is ICA needed of each biennial update report? Could this vary by country? Should ICA be voluntary for some developing countries?
Outputs	What implications could the limited availability of national and international technical experts have for the frequency of IAR and ICA?	Other than the summary report mentioned in the Cancun Agreements, are there any other outputs from ICA?
	Are any of the outputs of IAR/ICA non-public, and if so, which? Is the result/summary of any international discussions as part of IAR and ICA included in the outputs?	
Process	Could the review reports from revised annual reviews of inventory information under the FCCC/KP provide an input to the international assessment stage of IAR?	Should the ICA process vary within the group of developing countries?
	Regarding further consideration of the outputs of IAR, is a comparable process needed between KP and non-KP Parties, and if so, how can this be achieved?	Which bodies or groups should consider the output of the ICA process?

1. Introduction

At COP 16 in Cancun, Parties agreed to scale up the current system of international reporting and verification of information relating to climate change. Different types of international reporting and verification are envisaged for developed and developing countries. The principal objectives of international verification processes are: (i) to improve the climate-related information provided to the international community, (ii) to build confidence in the information reported, and (iii) to increase trust between Parties. Confidence can be built by ensuring that there is a robust system in place at the national and international level for measuring, reporting and verifying (MRV) countries' climate-related actions, commitments and support.

Current negotiations under the UNFCCC are elaborating the scopes and processes for ICA and IAR. Although there is much interest in this topic, recent submissions from Parties (UNFCCC, 2011b) display a wide variety of views regarding the principles, inputs, processes, outputs and outcomes of IAR and ICA. This paper provides suggestions for the possible designs of IAR and ICA and considers how they could build on experience gained from existing multilateral review processes under the UNFCCC and elsewhere.

This paper is structured as follows: Section 2 outlines the background and context for the discussion of IAR and ICA; Section 3 examines the objectives and principles of IAR and ICA, and considers how such objectives and principles have shaped other multilateral review processes; Section 4 explores possible options for the scope, inputs, frequency and outputs of IAR and ICA; Section 5 presents possible options for their processes; and Section 6 presents conclusions.

2. Background and context

As part of their commitments under the UNFCCC, all Parties are required to submit various reports to the international community containing information related to climate change. At present, however, international review of this information is conducted only for Annex I countries. This section outlines the current review processes under the UNFCCC and the provisions that the Cancun Agreements have established for both developed and developing countries in the future.

2.1 Current review system

The current international framework for reviewing information provided by Annex I Parties to the UNFCCC focuses on two items: (i) GHG inventories (produced and reviewed annually), and (ii) national communications (produced and reviewed every 3-4 years). The scope of both reviews covers a country's GHG inventory, which is reviewed in much greater depth during the inventory review. The scope of reviews is different for Annex I Parties that are Parties only to the UNFCCC and those that are Parties to both the UNFCCC and the Kyoto Protocol (KP). For example, information on GHG unit transactions (which is important for identifying a country's progress towards its emissions reduction target) is reviewed only for Annex I KP Parties. The review reports of Annex I KP Parties, but not non-KP Parties, are forwarded to the Compliance Committee should any "questions of implementation" relating to a Party's compliance with mandatory KP commitments be identified by the review team or another Party. Consequently, adjustments to a country's GHG inventory, corrections to holdings of GHG units or suspension of eligibility to participate in the KP flexible mechanisms can be carried out under the mandate of the Compliance Committee for Annex I KP Parties.

Both inventory reviews and national communication reviews are carried out by an "expert review team" comprised of experts from both developed and developing countries and co-ordinated by the UNFCCC Secretariat. The summary reports of the reviews of national communications are made publicly available, while the results of the GHG inventory reviews have both public and private components. Reviews can consist of in-country visits, centralised reviews or desk reviews. In addition, a compilation and synthesis report of information included in Annex I countries' national communications is periodically prepared by the Secretariat.

By contrast, information reported to the UNFCCC by non-Annex I Parties in their national communications is not currently reviewed internationally. Annex A of this paper provides further information on the existing review processes under the UNFCCC, as well as other multilateral review processes.

While there are costs and resource implications associated with reporting and verification of climate change-related information, there are also benefits for both the national and international community. For example, these exercises can facilitate the gathering of climate-related data for internal purposes and improve a Party's understanding of the effectiveness of its climate policy and policy-making. In addition, for developing countries ICA could potentially improve developing countries' access to climate finance, technology and capacity building by highlighting the specific gaps where capacity building is needed. Further, the process of having an in-country review can be useful as it can enhance reviewers' understanding of domestic context and foster international collaboration. The international consultations and "facilitative sharing of views" referred to in the Cancun Agreements could also facilitate mutual learning about best practices in areas such as establishing national inventories and implementing mitigation actions, as well as provide an opportunity to share experiences regarding financial or other barriers and how they can be overcome.

2.2 Developments under the Cancun Agreements

The Cancun Agreements (UNFCCC, 2011a) indicate a change in the way that the international community verifies climate information reported by countries to the UNFCCC. Decision text agreed at COP 16 relating to international verification for developed countries is outlined in Box 1. It is clear from this text that the existing review system for Annex I Parties will be revised and extended to include biennial reports, and a new "international assessment" exercise will be conducted for information on emissions and removals relating to emission reduction targets. The text also specifically refers to "comparability", although it does not provide a definition of this term (see Section 3 for further discussion and possible interpretations).

Box 1: COP 16 decision text relating to international assessment and review for developed countries

The following decision text relating to international assessment and review for developed countries was agreed at COP 16 (UNFCCC, 2011a):

Para. 42: "*decides to enhance guidelines for the **review** of information in national communications with respect to … progress made in achieving emission reductions; …provision of financial, technology and capacity-building support to developing country parties*".

Para. 44: "*decides to establish a process for **international assessment** of emissions and removals related to quantitative economy-wide emission reduction targets under the Subsidiary Body for Implementation, taking into account national circumstances, in a rigorous, robust and transparent manner, with a view to promoting comparability and building confidence"*.

Para. 44(b): *[Decides on the following work programme:] "The revision of guidelines for the **review** of national communications, including the biennial report, annual greenhouse gas inventories and national inventory systems"*.

Para. 46(d): *[Decides on the following work programme:] "Modalities and procedures for **international assessment and review** of emissions and removals related to quantitative economy-wide emission reduction targets… including the role of land use, land-use change and forestry, and carbon credits from market-based mechanisms…"*

Decision text agreed at COP 16 relating to international consultations and analysis for developing countries is summarised in Box 2.

Box 2: COP 16 decision text relating to international consultations and analysis for developing countries

The following decision text relating to ICA for developing countries' biennial update reports was agreed at COP 16 (UNFCCC, 2011a):

Paragraph 63: *"Decides to conduct a process for **international consultations and analysis** of biennial reports in the Subsidiary Body on Implementation, in a manner that is non-intrusive, non-punitive and respectful of national sovereignty; the international consultations and analysis aim to increase transparency of mitigation actions and their effects, through analysis by technical experts in consultation with the Party concerned, and through a facilitative sharing of views, and will result in a summary report".*

Paragraph 64: *"Also decides that information considered should include information on mitigation actions, the national greenhouse gas inventory report, including a description, analysis of the impacts and associated methodologies and assumptions, progress in implementation and information on domestic measurement, reporting and verification and support received; discussion about the appropriateness of such domestic policies and measures are not part of the process. Discussions should be intended to provide transparency on information related to unsupported actions".*

The text on international verification processes in the Cancun Agreements is often ambiguous, and many important open questions remain regarding the processes' inputs, scope, frequency, process design and outputs for both developed and developing countries. These topics are discussed in the subsequent sections of this paper.

2.3 Relationship between the current review process and IAR for developed countries

There is already an established review system in place for Annex I countries (see Section 2.1). This is expected to continue in revised form in future, with enhanced guidelines for reviews of GHG inventories and national communications including biennial reports. The review aspect of IAR could therefore build upon these revised reviews. At present, the GHG inventory and national communication reviews have different scopes and frequencies, and there are further differences for KP and non-KP Parties in terms of scope and consequences. In future, it is likely that biennial reports will be reviewed on a biennial basis, in addition to annual inventory reviews and reviews of national communications approximately every four years. The outputs from these reviews could be considered as part of IAR, although care will be needed in sequencing the different reviews in order to ensure that the process is carried out with maximum efficiency (see Section 5.3 for a further discussion of sequencing).

At present, reviews conducted under the KP have a different scope and process to those conducted under the UNFCCC. For example, for Annex I KP Parties the scope of the GHG inventory review includes information on GHG units reported via standard electronic format (SEF) tables, while for Annex I non-KP Parties it does not. Further, for Annex I KP Parties a question of implementation can be forwarded to the Compliance Committee during a GHG inventory or national communication review, while for Annex I non-KP Parties this cannot happen. The Cancun text on IAR explicitly mentions that carbon credits from market-based mechanisms and the role of LULUCF will be taken into account. There may therefore be fewer differences between the scope of KP and non-KP inventory reviews in future. Parties need to agree upon the scope and frequency of revised reviews under the UNFCCC, and how the outputs will be further considered for both KP and non-KP Parties.

In addition to reviews of GHG inventories, national communications and biennial reports, there will be a new exercise of international assessment of emissions and removals relating to emissions reduction targets for developed countries. The existing review processes for Annex I Parties do not provide an opportunity for an exchange of views of Parties or other stakeholders regarding individual review reports; only compilation and synthesis reports prepared by the UNFCCC Secretariat containing aggregate information

from all Annex I Parties are currently discussed under the Subsidiary Body (SBI). The latter discussions have proven over the years to generally be political and not lead to technical recommendations. Furthermore, there is currently no formal international process for comparing the actions of one country with those of another. Therefore the introduction of an international assessment stage has the potential to increase the level of international scrutiny of information reported to the UNFCCC by individual developed countries. Parties will also need to agree on how the scope and frequency of the international assessment stage for IAR relates to that of review (and similarly for ICA, how the scope and frequency of the international consultations stage relates to the stage covering analysis by technical experts).

3. Objectives and principles

The Cancun Agreements (UNFCCC, 2011a) provide guidance on the objectives and general principles that are to underpin IAR and ICA. The decision text states that the objective of IAR is "promoting comparability and building confidence" and the objective of ICA is to "increase transparency of mitigation actions and their effects". In subsequent discussions under the AWG-LCA, many Parties have underscored that another key objective of ICA is to build capacity in developing countries (UNFCCC, 2011h). In terms of principles, whilst the Cancun Agreements indicate that IAR is to be conducted in a "rigorous, robust and transparent manner", ICA is described as "non-intrusive, non-punitive and respectful of national sovereignty". Some of these principles are among those already implicit in existing review processes. Nevertheless, the language chosen for the Cancun Agreements indicates an intention for a different emphasis in the verification processes for developed and developing countries, which may imply differences in the scope and/or in shape of the two processes. Table 3 below highlights those principles explicitly referred to in the current review guidelines and the Cancun Agreements.

Table 3: Objectives and principles for existing review processes under the FCCC, international assessment and ICA[4]

Verification process	Existing FCCC review of GHG inventories	Existing FCCC review of AI NCs	International assessment	ICA
Objectives	To ensure COP has adequate and reliable information; to examine consistency with reporting guidelines; to assist Parties in improving the quality of their GHG inventories	To ensure COP has accurate, consistent and relevant information to assist it in carrying out its responsibilities	To promote comparability and build trust	To enhance the transparency of mitigation actions and their effects To build capacity in developing countries
Principles	Objective Consistent Transparent Thorough Comprehensive Facilitative* Open	Facilitative Non-confrontational Open Transparent	Rigorous Robust Transparent	Non-intrusive Non-punitive Respectful of national sovereignty Facilitative

* Reviews of GHG inventories under the KP are also "facilitative", even though such verification processes include a compliance element.

Sources: UNFCCC, 1995; 2003; 2010a

[4] Note that other objectives and principles were suggested by Parties at the AWG-LCA contact groups in Panama (UNFCCC, 2011g; 2011h). These include: non-confrontational, accurate, complete, consistent, promoting integrity, thorough, objective and comprehensive for IAR; and co-operative, promoting universal participation, not overly burdensome, not more onerous than IAR, and taking into account wider economic and development needs for ICA.

This section explores each of these principles in turn and considers options for applying them. In doing so, examples are drawn from existing multilateral review processes. A brief summary of the review processes surveyed is provided in Table 4. Further details are provided in Annex A. The reviews of national communications and GHG inventories for Annex I Parties under the Convention and the KP may provide particularly relevant experience when designing IAR and ICA.

Table 4: Summary of other multilateral review processes surveyed

Name of process	Brief description
UNFCCC Review of Annex I National Communications (AI NCs)	A technical assessment of implementation of reporting commitments in the national communications of the 42 Annex I Parties (the scope of this assessment varies for KP and non-KP Parties).
UNFCCC Greenhouse Gas (GHG) Inventories Review	A technical assessment of the annual GHG inventories of the 42 Annex I Parties (the scope of this assessment varies for KP and non-KP Parties).
IEA In-Depth Review of Energy Policies (IDR)	Examines the energy policy landscape in each of the 28 IEA member countries.
OECD Environmental Performance Review (EPR)	Examines the environmental performance of the 34 member countries (non-OECD countries are reviewed on request).
Review of Progress Towards Transparency and Exchange of Information for Tax Purposes (Global Tax Review)	Examines implementation by the 101 members of the Global Forum (GF) and relevant non-member countries of agreed standards on transparency and exchange of information.
Montreal Protocol Implementation Review	Examines the compliance by the 196 member countries with agreed phase -out schedules for ozone-depleting substances.
UN Human Rights Council (HRC) Universal Periodic Review	Examines the fulfilment, by the 192 UN member states, of human rights obligations and commitments under eight interdependent human rights treaties and related law.
IMF Bilateral Surveillance Mechanism	Examines the coherence of economic and financial policies of 187 member countries with international obligations from a bilateral and multilateral perspective.
WTO Trade Policy Review Mechanism (TPRM)	Examines the adherence in trade policies and practices of the 153 WTO member countries with rules, disciplines and commitments made under the Multilateral Trade Agreements.

3.1 Transparent

Transparency is a key principle underpinning the rationale for both IAR and ICA. A transparent process is one that is clearly explained, predictable and open to a degree of public scrutiny. Transparency can improve confidence in the accuracy and reliability of information and outcomes and is central to the integrity of a multilateral verification system.

Transparency of information is important for verification to the extent that the assumptions and methodologies used in reporting are clearly explained. Paragraph 64 of the Cancun Agreements refers to transparent information on mitigation actions in the context of ICA. As outlined in Table 3, transparency is also an important principle in the existing reviews of Annex I inventories and national communications. Both IAR and ICA can pursue transparency by checking that reports adhere to reporting guidelines, which could include elements such as data, sources, methodologies, and the status of implementation of policies and actions.

Other aspects of transparency might be pursued in different ways in IAR and ICA. For example, the IAR process may look to engage a broad range of stakeholders, while an ICA process may focus on open dialogue with other UNFCCC parties. Strategies commonly used in other multilateral review processes to ensure transparency include:

- **Questions to the country concerned, from the technical review/analysis team and from other countries.** A team of technical experts may pose supplementary questions during its review, as during existing reviews of Annex I national communications. Alternative examples are found in the Global Tax Review, where a preliminary questionnaire for the country concerned is prepared in collaboration with all other countries, and the UN HRC Review which provides an opportunity for

countries to submit clarifying questions to the country under review in advance of a group discussion. Written questions may require fewer resources and allow the country concerned time to provide more comprehensive responses, but would make IAR and ICA more time-consuming if used in these processes.

- **Interactive discussion among countries.** The majority of multilateral review processes surveyed provide for a multilateral discussion of results at some point, although the existing UNFCCC reviews use this approach only to a limited extent. The GHG Inventory Review does not involve a group discussion with other Parties while the AI NC Review limits the group discussion to the compilation and synthesis report only. The IMF Bilateral Surveillance Mechanism restricts participation in discussions to the IMF management and executive board. For IAR and ICA, the inclusion of an oral discussion could increase transparency by providing an opportunity to share information on climate policies between Parties.
- **Participation of other stakeholders**. The UNFCCC reviews, OECD EPR, IEA IDR, and IMF Bilateral Surveillance Mechanism invite inputs from non-governmental stakeholders during the review, while the Montreal Protocol and UN HRC reviews allow stakeholders to participate in group discussions. The participation of other stakeholders would be likely to increase the resource requirements of IAR and ICA but could be a powerful tool to enhance transparency. The degree and nature of stakeholder participation may need to be balanced against other principles, such as non-intrusiveness.
- **Making documents publicly available**. All of the reviews surveyed make some form of review documentation publicly available, whether both the summary report and proceedings, as in the OECD EPR, Montreal Protocol, UN HCR and WTO TPRM, or only a summary report as per the IEA IDR, Global Tax Review and UNFCCC reviews. Under the GHG inventory review the Part II individual country report is delivered only to the country concerned. The IMF Bilateral Surveillance Mechanism is unique among the processes surveyed in making publication of reports contingent on the consent of the country concerned (although this has rarely been withheld[5]). Making the outputs publicly available can help to encourage improvements and requires few additional resources.

3.2 Non-intrusive

The Cancun Agreements stipulate that ICA is to be non-intrusive. Non-intrusiveness could be interpreted as a requirement to limit any undue disruption or burden that a verification process might cause to operations within the country concerned. It implies that the process should be collaborative and the expectations and requirements of the Party concerned should be taken into account. Although the Cancun Agreements do not refer to the principle of non-intrusiveness in relation to IAR, the approaches described below could also be relevant for developed countries.[6]

Measures to ensure a non-intrusive process can include:

- **Formalised procedures for continued communication**. The country concerned should be fully aware of and engaged in the verification process throughout. In the case of the OECD EPR, this is ensured from the outset by setting a focus for the review which is relevant to the country's current concerns and capabilities through a collaborative discussion with the country concerned. This approach requires increased resources and time and is unusual among the verification processes surveyed. In the case of ICA, the focus may be dictated by the information which the country concerned provides in the biennial report. A common approach is to engage in discussions with the

[5] Consent has never been withheld by a country for the publication of Public Information notices resulting from review under the IMF Bilateral Surveillance Mechanism and consent for publication of the Staff Report and accompanying analysis is withheld on only one in ten occasions (*www.imf.org/external/about/econsurv.htm*).

[6] Existing reviews for Annex I Parties under the FCCC are carried out in a non-confrontational manner and some Parties are of the view that IAR should also be "non-confrontational" (UNFCCC, 2011g).

country concerned several times at different stages of the process, allowing for request of additional information or clarification if necessary as well as responses and amendments.

- **Choice between centralised and in-country review.** The UNFCCC reviews, IEA IDR, OECD EPR, Global Tax Review and the IMF Bilateral Surveillance Mechanism all provide for the possibility of an in-country visit by reviewers. An in-country visit may increase reviewers' insight into domestic context and provide opportunities for capacity building in the country concerned. In-country visits generally conclude with a briefing of the country concerned on the preliminary findings, ensuring ample opportunity for clarifications. Centralised review features in the Montreal Protocol and WTO TPRM. While it may not offer the same opportunities for collaboration, it is a less resource-intensive approach. Both of the existing UNFCCC reviews use both types of review in certain instances, with in-country visits being used for most GHG inventory and national communication reviews.
- **Providing opportunities for the country concerned to comment on review results**. The UNFCCC AI NC review, IEA IDR, OECD EPR and Global Tax Review all give the country concerned the opportunity to review draft reports and to provide additional information and explanation. This might include provisions for the country concerned to propose amendments to reports before circulation or, in the case of the OECD EPR and IEA IDR, to give their approval before publication of a final text. An alternative method, used in the Global Tax Review, is to allow the country concerned to attach to the final report containing its response, which reduces the burden on the secretariat.
- **Limiting the distribution of results.** As discussed above, existing multilateral review processes demonstrate a range of approaches to distribution of results. The IEA IDR, Global Tax Review and the existing UNFCCC reviews all keep working documents confidential and the UNFCCC NC review contains specific provisions for the country concerned to request that any information remain confidential with adequate justification. Further, one part of the UNFCCC GHG inventory review is distributed only to the Party concerned. Presenting results through a compilation and synthesis report across all countries is another approach used in the UNFCCC and Montreal Protocol reviews to support the sense of collaborative pursuit of collective goals.

3.3 Non-punitive

The Cancun Agreements require that ICA be "non-punitive". A non-punitive process is one that does not inflict any form of punishment on the country concerned, e.g. by removing existing rights or inflicting penalties. Rather, a non-punitive process is facilitative and encourages improvements by creating incentives to reward countries for best efforts.

By contrast, Annex I KP Parties are already subject to an enforcement mechanism under the KP, which, while not expressly punitive, can involve penalties. The Compliance Committee considers "questions of implementation" relating to the commitments of Annex I Parties under the KP. The Compliance Committee has two branches: a facilitative branch and an enforcement branch. The enforcement branch of the Compliance Committee has the power to adjust a Party's GHG inventory and its holdings of GHG units in the event that the Party does not agree with the adjustment proposed by the review team. It can also suspend a Party's eligibility to participate in the Kyoto mechanisms if a Party is found to be in non-compliance with a commitment related to eligibility. The stated objective of the Compliance Committee is "to facilitate, promote and enforce compliance with the commitments under the Protocol" (UNFCCC, 2005). Further consideration of outputs of the IAR process might draw on the functions of the facilitative and/or the enforcement branch of the Compliance Committee for developed country KP Parties, or similar body for developed country non-KP Parties. In the event that criteria are agreed for recognition of units from new crediting mechanisms, the outputs of IAR and ICA could also be used to determine whether a country meets any such criteria.[7]

[7] See Prag *et al.* (2011) for further discussion of this possibility.

These, or stricter compliance mechanisms like those of the Montreal Protocol where an Implementation Committee may recommend the suspension of certain rights and privileges, are unlikely to be relevant to ICA in light of the requirement for a non-punitive process, but softer enforcement such as issuing of cautions might be considered.

Examples of facilitative outcomes in existing multilateral review processes that could be useful for ICA and potentially for IAR include:

- **Provision and dissemination of recommendations.** All of the other verification processes surveyed include a set of formal recommendations for action by the country concerned as part of the outputs. Open discussion and public dissemination of recommendations can rely on peer or public pressure to encourage improvement in performance over time without necessarily imposing additional costs. The IEA IDR, UN HCR, OECD EPR, WTO TPRM and Global Tax reviews avoid outright compliance mechanisms and rely on review results themselves to influence domestic public opinion, national administrations and policy makers. The Global Tax Review enhances the implications of results further by applying a rating system.
- **Open discussion.** Group discussion of results among the Parties, sometimes including other stakeholders, has been used in all multilateral review processes surveyed except the GHG Inventory Review in order to create a sense of mutual accountability to encourage action. Group discussion could provide a forum for countries to clarify their positions, interests and differences with an intention to reconcile them and may generate constructive dialogue and feedback among Parties.
- **Intensification of consultations**. The Global Tax Review and IMF Bilateral Surveillance Mechanism both initiate a process of enhanced engagement following the issuance of recommendations, whereby the country concerned will engage in intensified discussions to develop and report back on strategies for implementing the recommendations. While such follow-up is more likely to encourage improvements it will increase the resource burden both for the Party concerned and for the secretariat. An alternative approach is taken in the OECD EPR, where countries are required to submit update reports on progress made in implementing recommendations.

3.4 Respectful of national sovereignty

The Cancun Agreements stipulate that ICA is to be "respectful of national sovereignty". This fundamental constitutional doctrine is included in Article 2 of the UN Charter (UN, 1945) and in the preamble of the FCCC and should therefore apply to all processes under the UNFCCC, including ICA and IAR. Sovereignty refers to the fact that each state possesses absolute power within its own jurisdictional boundaries, independent of the consent of any other state.

When a government ratifies an international treaty it consents to be bound by its terms and thereby allows the international community a basis for discussion of its adherence to those terms and subsequent decisions made under the treaty. In the decision to establish IAR and ICA, UNFCCC Parties have acknowledged the value of international verification of actions and reporting, so a balancing of national and international interests will be required in order to maintain mutual confidence in climate change commitments.

The ICA decision text explicitly states that "discussion about the appropriateness of … domestic policies and measures is not part of the [ICA] process" (UNFCCC, 2011a). Instead, this process could seek to facilitate mutual learning through exchange of best practice experiences.

Approaches that can help ensure that a process is respectful of national sovereignty include:

- **Establishing a clear mandate, and potentially also a mutually-agreed set of criteria, upon which to measure progress towards mitigation pledges.** Such criteria might be established on a case-by-case basis, either bilaterally, between the secretariat and the country concerned, as in the OECD EPR, or with input from all countries, as in the Global Tax Review. A less resource-

intensive option would be to apply the same criteria for all countries in the ICA process, although this could be difficult as countries have submitted different forms of mitigation pledges for the post-2012 period and different metrics may be used in reporting (see Ellis *et al.*, 2011, for further discussion).

- **Taking account of the particular implications of each country's legal and political systems.** The technical analysis team could make reference to the legal and political framework which may have a bearing on the options available to the country concerned. The Global Tax Review is an example which dedicates the first phase of its review to consideration of the legal and regulatory framework of the country being reviewed.
- **Taking into account the needs and views of the country concerned.** Previous sections have discussed strategies for consulting with the country concerned throughout the process, including in the preparation of final reports.

3.5 Capacity building

Although capacity building was not invoked specifically in the Cancun Agreements as an objective of an ICA nor IAR process, it is clear from subsequent discussions that Parties understand this to be one of the main objectives of ICA (UNFCCC, 2011h).

The interests of developed and developing country Parties converge around the need for resource sharing as a means to ensure that the global climate change mitigation goals remain within reach. In order to be effective, it is important that international support be accurately targeted. A transparent reporting and verification process will ensure that Parties have the information necessary to identify barriers faced by developing country Parties in designing, implementing, reporting and verifying nationally appropriate mitigation actions, and to deliver well targeted support to address them.

Several existing multilateral review processes provide opportunities for capacity building:

- **Identifying barriers and appropriate strategies for the country concerned to overcome them on its own terms.** The WTO TPRM, UN HRC, M**o**ntreal Protocol and UNFCCC reviews all make a direct linkage between barriers identified by experts in final recommendations and structures to assist the country concerned in addressing those barriers. The kind of assistance may be enhanced depending on the capacity of the country concerned; for example, the WTO TPRM gives priority assistance to Least Developed Countries. For developing countries, an individual country's ICA summary report could, for example, highlight key barriers, capacity building and/or support needs.
- **Access to additional financial support.** The Montreal Protocol and UN HRC reviews are both directly linked to multilateral funds designed to support implementation of recommendations and eligibility for funding will be affected by the result of the verification process. Linking financial support to the outcomes of the ICA process could improve targeting of climate funding.
- **Provision of additional technology support**. The WTO TPRM, UN HRC and UNFCCC reviews link the results to provision of specialised technical assistance in areas where gaps are identified. This also provides a constructive incentive for countries to participate in the verification process. Direct technical support could help reviewed countries to implement recommendations faster and gradually improve climate-change mitigation actions and reporting overall.

3.6 Comparability

The Cancun Agreements stipulate that IAR is to be conducted with a view to promoting comparability. This is not a specified purpose of ICA. Comparability can include technical and procedural dimensions as well as political ones. For example, technical comparability could be inferred by the reference in the FCCC to "comparable methodologies … for preparing inventories of greenhouse gas emissions by sources and removals by sinks, and for evaluating the effectiveness of measures to limit the emissions and enhance the removals of these gases" (UNFCCC, 1992). Developed countries' experience in using comparable metrics in reporting in GHG inventories has demonstrated the value of technical comparability and its relevance for future verification processes. Procedural comparability (e.g. whether there is further consideration of

outputs for all developed countries) could also help to ensure consistent treatment of different developed countries. Political comparability is invoked in paragraph 1b(i) of the Bali Action Plan, which refers to "enhanced national/international action on mitigation of climate change … by all developed country Parties, while ensuring the comparability of efforts among them…" Past experience has shown that this dimension is more complex and difficult to translate into a detailed procedure. It is not clear from the Cancun Agreements if IAR is to promote technical, procedural and/or political comparability. However, discussions since COP 16 have indicated that most Parties are of the view that political comparability should be included in the IAR process, so further discussion on how this can be done will be needed (UNFCCC, 2011g).

In order to be comparable, multiple sets of information from different countries should be sufficiently similar to enable a meaningful comparison of "like with like". In the context of political comparability, the following items of information could be compared: (i) the choice and level of ambition of developed countries' mitigation targets, and (ii) trends in emissions and emissions-related metrics.

In order to compare mitigation targets of developed countries, information is needed for each country on:

- the time period covered by the target and the base year against which it is measured;
- which sources are included (e.g. which categories of land-use, land-use change and forestry);[8]
- national GHG emissions and additions/subtractions of GHG units (see Prag *et al.*, 2011, for further discussion of this topic);
- other accounting rules used.

In addition, an internationally agreed means to "convert" targets[9], including different emissions/removals sources and/or base years, to a common basis would be needed (if, for example, country A's target is -20% between 1990-2020 taking the effects of forest management into account and country B's target is -25% between 2005-2020 taking the effect of re-vegetation into account).

The task of identifying whether country A's mitigation effort is comparable to country B's is often not a straightforward exercise since effort can be measured using many different emissions-related metrics, each providing a different conclusion. For example, effort could be measured in terms of absolute emission reductions, emissions per capita, emissions per GDP, marginal abatement costs, or in terms of changes in these metrics over a given time period, taking into account national circumstances. Depending on the metric used, it will show different countries to have made a greater or lesser effort. It would therefore be challenging for the international community to agree a single measure of effort, and such an exercise would not necessarily encourage improvements in domestic action.

Strategies used in other multilateral review processes to enhance comparability include:

- **Requiring reporting in a standard format.** Under the Montreal Protocol, data on production, consumption, imports and exports of specified groups of ODSs is reported annually by all Parties using five standardised data reporting forms issued by the Ozone Secretariat. The GHG inventory review process under the UNFCCC also pursues comparability by collecting data on the common reporting form (CRF). Such standardised reporting formats facilitate comparison of the information reported by different countries. The need for new reporting guidelines for biennial reports offers the international community an opportunity to establish a similar standardised reporting which could facilitate the IAR and ICA processes.

[8] Information on some of these items, such as which categories of LULUCF are included, and what domestic emissions and emissions trends are, is included in a synthesis and assessment report on the Annex I GHG inventories submitted in 2011 (UNFCCC, 2011c).

[9] All Annex I countries except Turkey have notified the UNFCCC secretariat of their proposed post-2012 GHG target. These are all expressed in terms of absolute GHG emissions (usually as a percentage emission reduction from a base year). The scope, legal status and base year varies between different countries.

- **Agreeing up-front common reporting rules.** Rules have already been agreed up-front for the reporting and review of information relating to GHG inventories for Annex I Parties under the UNFCCC. The inventory review checks the information reported for consistency with the UNFCCC reporting guidelines and the revised 1996 IPCC guidelines for GHG inventories as well as subsequent IPCC good practice guidance. The IPCC guidelines provide guidance relating to the gases, sources and global warming potentials that are to be used when preparing emissions inventories, and also provides suggested methodologies and default emission factors. Starting in 2015, Annex I Parties are to use the updated 2006 IPCC guidelines for GHG inventories.
- **Cross-checking conclusions across reports on several countries.** Under the Global Tax Review, a final step before the issuance of final reports is to cross-check several reviews of different countries to ensure that the conclusions and recommendations are consistent with one another and that any differences can be explained on the basis of specific domestic circumstances.
- **Flexibility in achieving comparable targets.** Under the Montreal Protocol, all Parties have the same target for reducing quantities of ozone-depleting substances (ODSs), but flexibility is nevertheless required to manage diversity in domestic capabilities. Developing countries are entitled to a 10-year delay in phase-out and the phase-out schedule is different for different groups of ODSs. The groups of substances to which the Protocol applies and their phase-out schedules are clearly laid out in the Annexes of the Protocol and its subsequent amendments. While common targets will have limited applicability to the UNFCCC process given the diversity of national circumstances amongst Parties, the range of flexible options for achieving targets may be useful.

Even when the targets of different countries are completely comparable, as in the Montreal Protocol, it can still be difficult to assess whether the effort of one country is comparable to another. This is because variations in national circumstances will invariably mean that the same target may be more difficult and/or expensive to implement in one country than another. In the case of IAR, complexity is increased since the targets themselves may be framed in different ways. This makes it all the more important to introduce standardised reporting formats in order to limit any reduction of comparability resulting from a bottom-up target-setting process.

3.7 Rigorous and robust

The Cancun Agreements stipulate that IAR is to be conducted in a rigorous and robust manner. These principles are not referred to in the context of ICA, which is likely to require increased flexibility. A rigorous and robust process does not require rigidity, however, but simply a process which could operate on the basis of clear, firm rules and apply a methodology consistently to all Parties in conducting a careful and thorough assessment. It could produce results which can be relied upon as an accurate and defensible account of the matter in question.

Although the terms “rigorous” and “robust” seldom feature in the text of other multilateral review processes, several contain provisions to ensure these properties:

- **Completeness check of submitted information**. The UNFCCC GHG inventory review and the Montreal Protocol review both begin with an initial check that each submission is delivered on the correct standard form and contains all relevant requested information.
- **Enforcement system at the input end.** In order to ensure the quality of data which is the basis of the verification process, the Montreal Protocol reports countries who fail to complete the data input forms accurately, or at all, to an Implementation Committee. For GHG inventory reviews under the KP, the expert review team can recommend recalculations or adjustments of GHG emissions figures if the data provided is not deemed accurate or consistent with IPCC guidelines. If the Party concerned disagrees with the revised figures suggested, the issue can be forwarded to the KP Compliance Committee. Such technical compliance measures give the international community confidence that the set of information provided is robust.
- **Detailed examination of methodologies used**. The existing process for the review of GHG Inventories under the UNFCCC includes a step dedicated to examining the data, methodologies and

procedures used in preparing the national inventory. Every five years the expert review team will carry out that analysis on-site in order to allow for more detailed questioning.

- **Provisions for the request of further information.** The Montreal Protocol specifically provides for the secretariat to make data queries where information is unclear or incomplete prior to engaging any process through the Implementation Committee. This provides a non-disciplinary option which will have implications for resource burden of the process.
- **Provide each country with an equally rigorous examination**. The Global Tax Review ensures this by running a cross-check across review results for several countries before finalising them, to ensure that similar conclusions have been drawn from similar facts. If the reliability of results is ensured, they are likely to carry enough weight to encourage countries to take action on the basis of recommendations, and avoid the need for additional enforcement measures.

While the ICA process will need to remain flexible, some of the strategies mentioned above may be adapted for inclusion in ICA without unduly limiting flexibility.

4. Scope, inputs, frequency and outputs

The Cancun Agreements provide limited guidance on the scope, inputs, frequency and outputs of IAR and ICA. In general, the decision text contains greater detail for ICA than for IAR. For example, the text specifies that biennial update reports from developing countries will undergo ICA, but does not specify which reports from developed countries will undergo IAR. Further, the text stipulates that ICA will result in a summary report, but the outputs of IAR are not specified. The decision text provides no guidance on the frequency of IAR and ICA. This section discusses the potential scope, inputs, frequency and outputs of IAR and ICA, presents options for each aspect, and outlines how IAR could build on existing verification processes.

4.1 Overview of the IAR and ICA processes

As described in Section 2, there is currently no review or verification system under the UNFCCC for information reported by developing countries. There is, however, a review system for information from Annex I countries which is well-developed under both the UNFCCC and the KP. This review system is different in terms of both scope and potential consequences for KP and non-KP Annex I Parties. The existing review system under the FCCC could form the basis for IAR and certain elements could also be useful in the development of ICA (such as using the UNFCCC roster of technical experts).

Building from the review system currently in place for Annex I countries and the description of IAR and ICA in the Cancun Agreements, this paper suggests that both IAR and ICA could have three key process stages. The three stages are:

1. A **technical stage**, where information that is specific to the Party concerned is examined by a team of experts. This stage may include technical reviews of GHG inventories and biennial reports for developed countries and technical analysis of biennial update reports for developing countries. For developing countries, this stage could also include identification of capacity building needs.
2. **Engagement at an international level** between the Party concerned and other Parties and/or stakeholders. In this paper, this stage refers to "international assessment" (for IAR) and "international consultations" (for ICA).[10] For IAR, discussions of comparability across developed countries are included.
3. **Further consideration of the outputs** of the IAR and ICA processes. This stage of the process explores which groups or stakeholders may consider the outputs of IAR and ICA, and how.

[10] For ICA, an alternative interpretation of the text in the Cancun Agreements could be that the "analysis by technical experts in consultation with the Party concerned" constitutes the technical stage and the "facilitative sharing of views" constitutes the international engagement stage.

The remainder of this section discusses the potential scope, inputs, frequency and outputs for the technical and international engagement stages of IAR and ICA. The different stages may have different scopes, inputs, frequencies and/or outputs; for example, for developed countries the GHG inventory review could be conducted annually and the international assessment exercise conducted biennially. A more detailed discussion of what each of the three stages in IAR and ICA could entail is provided in Section 5.

4.2 Scope and inputs

Due to the ambiguities in the text of the Cancun Agreements, several key questions remain relating to the scope and inputs of IAR and ICA. These include:

- Which review(s) does the "R" in IAR refer to (i.e. GHG inventory, biennial report and/or national communication reviews)?
- For both IAR and ICA, should the scope of the different stages of the processes be the same?
- For IAR, should the scope be limited to backwards-looking information on historical GHG emissions and GHG units, or should it also include forward-looking information on projections, information on mitigation actions and/or support provided?
- For ICA, should the scope include all topics contained in biennial update reports, or should it be limited only to information on mitigation actions? Should all actions or only unsupported actions be considered?[11]
- What inputs can be used for IAR and ICA, in addition to biennial update reports for ICA (e.g. the previous national communication)?

The areas of uncertainty in the scope of IAR and ICA are outlined in Table 5 below. Question marks highlight areas where the scope is not clear from the text in the Cancun Agreements.

Table 5: Comparison of the possible scope of international verification processes for developed and developing countries

Topic	**Developed countries**				**Developing countries**
	GHG inventory review	NC review	BR review	International assessment	ICA
National circumstances		✓			
GHG inventory	✓	✓	✓	✓	✓
National inventory report	✓	✓	✓	✓	✓
Mitigation target			TBD	TBD	
Progress towards targets/goals		✓	TBD	TBD	TBD
Mitigation actions		✓	TBD	TBD	✓
GHG units	✓(KP)*		✓	✓	TBD*
Emissions projections		✓	TBD	TBD	TBD
Vulnerability & adaptation		✓			
RSO		✓			
FTCB support		✓	TBD	TBD	TBD

* For developed country KP Parties, information on GHG units will be reported and reviewed annually as part of the GHG inventory review. For developed country non-KP Parties choosing to use GHG units from international crediting mechanisms to help meet their emissions reduction targets, information on GHG units could in future be submitted and reviewed either annually or biennially. For developing countries, information on GHG unit transactions could be included in the scope of ICA, depending on the form of the national mitigation pledge. For further discussion of what information on GHG units could be reported and reviewed, see Prag *et al.* (2011).

[11] It may not be straightforward to make a distinction between "supported" and "unsupported" actions and their effects in all cases. For example, if enabling activities were supported, should an action be classed as supported? If an action is strengthened by international support, how should the effect of the "supported" component be calculated?

4.2.1 Scope and inputs for IAR

In future, the international verification system for developed countries could include reviews of GHG inventories, biennial reports and national communications, as well as "international assessment" of some of the reported information. Reviews of GHG inventories and national communications are undertaken at present and are more stringent for KP Parties than non-KP Parties. At COP 16, Parties agreed to revise the guidelines for these existing reviews under the FCCC and the text of the Cancun Agreements introduces two new exercises: reviews of biennial reports and international assessment. The possible scope and inputs for each of these components is considered below.

The scope of the existing annual review of Annex I GHG inventories under the Convention includes an examination of the transparency, accuracy, completeness, comparability and consistency with guidelines (TACCC) of information on historical trends of GHG emissions and removals. For Annex I KP Parties, the scope of this annual review also includes information on the assigned amount, holdings and transactions of GHG units, changes to the national system or national registry, and information on the minimisation of adverse impacts reported under Article 3 paragraph 14 of the KP. The inputs for annual reviews under the Convention are common reporting format (CRF) tables containing data on GHG emissions and national inventory reports containing information on the methodologies and assumptions behind the numbers. For Annex I KP Parties, the inputs also include standard electronic format (SEF) tables containing information on GHG units (additional information is also included in national inventory reports for KP Parties).

The Cancun Agreements stipulate that international assessment of emissions and removals will be conducted and suggests that biennial reports will be reviewed.[12] However, the scope of the review of biennial reports and international assessment has not yet been agreed. At its narrowest, the scope could focus only on the TACCC of historical GHG emissions and removals, information on LULUCF activities, GHG units from crediting mechanisms and the national systems in place to track such information. At present, information on GHG units and transactions is only reported and reviewed for KP Parties. The Cancun Agreements provide a mandate to revise the guidelines for the annual GHG inventory review under the Convention; therefore, in future this information could also be reported and reviewed for non-KP Parties choosing to use credits from market-based mechanisms to help meet their emissions reduction targets. The information could either be reported annually and reviewed as part of the annual GHG inventory review, or reported in biennial reports and reviewed as part of the biennial report review. The use of standardised reporting formats could facilitate the review of this information.

Broader interpretations of the scope of the biennial report review and international assessment are also possible. For example, an assessment of a country's projected emission levels compared to where it aims to be in a certain future year could be conducted. This would provide a more complete overview of a country's progress on mitigation. Such an assessment would, however, need to take into account that (i) there can be several plausible pathways for future emissions levels, and these can change frequently for several reasons (including reasons unrelated to climate concerns, such as changes in rates of economic growth); (ii) annual variations in emissions mean that current emissions are not necessarily representative of a country's emissions trend; and (iii) the timing and trends of GHG unit transfers and acquisitions are important to the overall picture of a country's progress towards its target, and can also vary widely between years. Therefore the "distance" between a country's emissions in a given year and its target for a subsequent year is not always necessarily representative. The scope could potentially also include information on mitigation actions, since countries will meet emission targets by initiating or strengthening these.

At its broadest, the scope of the biennial report review and international assessment could also include information on support provided. Some Parties have indicated that support provided should be included in the scope of the IAR process (UNFCCC, 2011b), although this is not directly related to a developed country's emissions performance and is not referred to in paragraph 44 of the Cancun Agreements on

[12] Paragraph 46(b) of the Cancun Agreements refers to "the revision of guidelines for national communications, including the biennial report" (UNFCCC, 2011a).

international assessment. Including emissions projections, mitigation actions or support provided in the scope of the biennial report review would have additional resource implications.

In addition to biennial reports, the inputs for the biennial report review could include the previous national communication (which may contain a greater level of detail than biennial reports on some topics, particularly if biennial reports are short and concise documents) and any other information provided by the Party concerned during the review. The inputs for the international assessment could include biennial reports, GHG inventories, national inventory reports, national communications, written questions from other Parties or observers, and other information provided by the Party concerned – this could include annual information on GHG units or support provided.[13] If written questions from other Parties or observers are included, these could be limited to 3-5 questions in total in order to keep the process manageable. The questions could be filtered by the UNFCCC Secretariat (e.g. by merging questions if several similar questions are asked) and used to focus and structure the oral international assessment exercise. Technical review reports could also provide an input to the international assessment if the technical reviews are conducted first.

The scope of the existing in-depth review of national communications for Annex I Parties under the Convention includes an examination of the TACCC of information on all topics included in national communications. For Annex I KP Parties, the scope also includes supplementary information submitted in national communications in accordance with Article 7 of the KP. The inputs to the in-depth review are currently national communications plus any additional information submitted by the Party concerned during the review. The Cancun Agreements provide a mandate to enhance the review guidelines for information in national communications on progress made in achieving emissions reductions and finance, technology and capacity building support provided. Parties may wish to include in-depth review reports as an input for the international assessment since national communications will contain a greater level of detail than biennial reports on some topics (e.g. support provided). Previous review reports prepared by expert review teams during reviews of GHG inventories, national communications and biennial reports could also provide a valuable input to technical reviews and international assessment.

4.2.2 Scope and inputs for ICA

The Cancun Agreements are ambiguous regarding the scope of ICA. Paragraph 60(c) outlines what information biennial update reports are to include, while paragraph 64 indicates which information should be considered in ICA. Although the lists in these two paragraphs overlap, they are not identical: both refer to GHG inventory information, information on mitigation actions and support received, but only paragraph 60(c) refers to information on support needs and only paragraph 64 refers to impacts, methodologies, assumptions and progress in implementation of mitigation actions and information on domestic MRV. The text does not specify whether information on supported actions as well as unsupported actions should be included (if a distinction can be made between these two categories by the reporting country), nor does it indicate exactly what information is to be reported/analysed. The decision text makes it clear, however, that discussions about the appropriateness of domestic policies taken are not included in the scope of ICA.

The following items could be included in the scope of ICA: GHG inventory, information on mitigation actions (effects, methodologies, assumptions and status of implementation), information on the Party's domestic MRV system and information on support received. A broader definition of the scope of ICA could include further information. Including information on emission projections would be a useful means of identifying progress towards any mitigation goal expressed in terms of absolute or relative GHG emissions (several developing countries now have such goals). Given the flexibility provided for developing countries in the Cancun Agreements in terms of the content of their biennial update reports, it is also possible that the scope could vary for different developing countries and/or at different times. As with IAR, decisions on the scope of ICA will have implications for resource requirements

[13] If support provided is included in the scope of IAR, additional information provided by Annex II Parties on this topic could provide an input for IAR. Annex II Parties are due to submit information on implementation of their fast start finance commitments in May 2011, May 2012 and May 2013 (this information is currently not reviewed systematically). It is unclear whether annual reporting on financial support provided will continue after 2013.

The scope of ICA could include an analysis of the transparency and accuracy of information contained in biennial update reports on the topics listed above as well as its consistency with the reporting guidelines, taking into account the different capabilities and national circumstances within the group of developing countries. Such a scope would ensure that the outputs of the technical analysis could usefully inform the 2013-2015 review of the long term global goal and help to build trust amongst countries.

The Cancun Agreements stipulate that biennial update reports including national inventory reports from developing countries will be the primary input to ICA. If biennial update reports are short and concise documents, it is possible that a technical analysis of whether the information in a biennial update report is transparent and accurate could require consideration of other inputs. For example, if a country provides estimates of the effects of its mitigation actions, information on the methodologies and assumptions used for the calculations would be needed to ensure that the figures provided are transparent. This detailed information is unlikely to be reported in biennial update reports but may be referred to in national communications or elsewhere, so it is possible that the technical experts could consider other such documents in their analysis. The inputs to the international consultations could also include written questions from Parties and observers (filtered by the UNFCCC Secretariat, as for IAR), the technical analysis report (if the technical analysis is conducted first) and any additional information submitted by the Party during the process.

Figure 1 compares the options for inputs to the IAR and ICA processes.

Figure 1: Options for inputs to IAR and ICA*

IAR	ICA
Technical review • Annual GHG inventory (CRF) • Annual national inventory report • Information on GHG units and LULUCF** • Biennial report • Previous national communication • Other (e.g. any other information provided by the Party concerned, other stakeholder input)	**Technical analysis** - - (NIR included in biennial update report) - • Biennial update report • Previous national communication • Other (e.g. any other information provided by the Party concerned, other stakeholder input)
International assessment • Annual GHG inventory (CRF) • Annual national inventory report • Information on GHG units and LULUCF** • Biennial report • Previous national communication • Technical review reports*** • Compilation and synthesis reports*** • Written questions from other Parties • Other (e.g. any other information provided by the Party concerned, other stakeholder input)	**International consultations** - - (NIR included in biennial update report) - • Biennial update report • Previous national communication • Technical analysis reports*** • Compilation and synthesis reports*** • Written questions from other Parties • Other (e.g. any other information provided by the Party concerned, other stakeholder input)

* Each list shown in the table is a list of options for inputs. It is not the intention of the authors to imply that all of the options listed should necessarily be used. The processes should be kept as simple as possible and the number of inputs should be kept to the minimum necessary to fulfil the objectives of the verification exercise.

** For developed country KP Parties, supplementary information on GHG units and LULUCF is already submitted annually and reviewed as part of the GHG inventory review under the KP. For developing country non-KP Parties, information on GHG units and LULUCF could also be reported and reviewed, either annually or biennially.

*** Technical review/analysis reports and C&S reports could be used as inputs if the review/analysis stage takes place before the international assessment/consultations stage.

Source: Authors

4.3 Frequency

The frequency of IAR is not stipulated in the Cancun Agreements. At present, the frequency of GHG inventory reviews and national communication reviews for developed countries are different; GHG inventories are submitted and reviewed annually, while national communications are submitted approximately every 3-4 years and reviewed within 1-2 years of the submission date.[14] The frequencies of these reviews are likely to be the same in future.

Parties need to decide the frequency and timing for the review of biennial reports from developed countries. It would be an advantage if reviews of biennial reports could be conducted within six months of the submission date, in order to ensure that they are based on the most up-to-date information submitted by Parties and to allow Parties time to take any recommendations into account before initiating their subsequent report.

At present, the UNFCCC Secretariat has some flexibility with regards to the scheduling of in-country, centralised or desk reviews. Most GHG inventory reviews are centralised reviews. In-country reviews of GHG inventories are less frequent (the GHG inventory of each Annex I Party undergoes an in-country review at least once every five years) and desk reviews are rarely used. By contrast, most reviews of Annex I Party national communications are currently in-country reviews, although Parties agreed in Cancun that fifth national communications from small Annex I emitters will undergo centralised reviews only.[15] Increased flexibility on the type and timing of reviews may be necessary in future to enable the UNFCCC Secretariat to cope with the increased number of international verification exercises under both IAR and ICA.

Parties also need agree the frequency of the international assessment exercise for developed countries, which could be different to that of the biennial report review. The frequency of international assessment will be conditioned to some degree by its scope and inputs; for example, it would not make sense to conduct international assessments annually if the scope of international assessment includes information that is reported and reviewed on a biennial basis (e.g. information on mitigation actions).

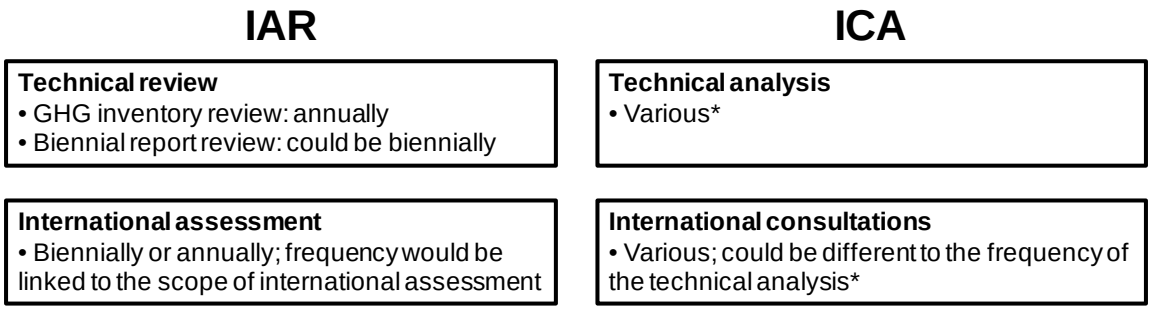
For developing countries, the frequency of ICA will need to be flexible, in part to reflect the provisions in the Cancun Agreements for flexibility for some developing countries in the timing and content of biennial update reports (which may not, in practice, be produced biennially – particularly for LDCs and SIDS). Again, it is possible that the frequency of the technical analysis could be different to that of the international consultations. An important question is whether ICA will be conducted of all biennial update reports submitted by all 150+ developing countries. If so, this would have significant resource implications for the UNFCCC Secretariat. If not, criteria would need to be developed to determine which reports from which countries are to be subject to ICA and at what frequency. Criteria proposed in recent Party submissions include share of global GHG emissions, capability and progress made in implementing mitigation actions to date (UNFCCC, 2011h).

Figure 2 outlines options for the frequency of IAR and ICA and shows where decisions regarding the frequency and timing of these processes remain to be made.

[14] At present, the dates for submission and review of national communications from Annex I Parties continue to be set by COP decisions.

[15] Decision 10/CMP.6 requests the UNFCCC Secretariat to "organise centralised reviews of fifth national communications for Parties with total greenhouse gas emissions of less than 50 million tonnes of carbon dioxide equivalent (excluding land use, land-use change and forestry) in accordance with their most recent greenhouse gas inventory submission" (UNFCCC, 2011f). These countries are Croatia, Estonia, Latvia, Liechtenstein, Lithuania, Monaco, Slovakia and Slovenia. In-country reviews will continue to be organised for other Annex I countries.

Figure 2: Frequencies of IAR and ICA



* The frequency could depend on the level of support provided, country grouping (e.g. less frequent for LDCs and SIDS) or other criteria (e.g. share of global emissions, capability or progress made in implementing mitigation actions).

Source: Authors

4.4 Outputs

For developed countries, the reviews of GHG inventories could continue to result in status reports, synthesis and assessment reports, and individual inventory review reports as under the existing system. At present, there are two parts to the synthesis and assessment report: part I is a compilation of aggregate inventory information across all Annex I Parties and is made publicly available, while part II identifies any potential issues or inconsistencies in the data and is shared only with the Party concerned and the expert review team undertaking the subsequent individual inventory review.

The output of technical reviews of biennial reports could be a technical review report, similar in style to an in-depth review report (but possibly shorter). The technical review report could contain recommendations for the Party concerned in terms of ways to improve its reporting. At present, limited international guidance is provided on the structure and content of in-depth review reports, although the UNFCCC Secretariat circulates a template for these reports to reviewers internally.[16] Like in-depth review reports, the technical review reports could be made publicly available on the UNFCCC website.

If the technical reviews of GHG inventories and biennial reports are conducted before international assessment, then the outputs of the technical reviews (including compilation and synthesis reports) could provide inputs for the international assessment. The text of the Cancun Agreements does not provide guidance on what the outputs of international assessment should be. A possible output would be a summary report containing an objective record of the proceedings and any written questions and answers exchanged between the Party concerned and other Parties during the process. The technical review reports could either be included in the summary report or published individually.

The technical analysis of biennial update reports from developing countries could result in an individual analysis report. The Party could be consulted by the technical experts during the analysis and provided with an opportunity to provide comments on a draft analysis report, which could then be incorporated into the final version. This report could be made publicly available or it could contain two parts, one of which is made publicly available and the other shared only with the Party concerned – like the existing synthesis and assessment reports of Annex I GHG inventories.[17] If the technical analysis stage precedes the consultations stage, then these individual analysis reports could provide one of the inputs for international consultations.

Individual analysis reports could include an analysis of data gaps and support needs, clarification of the Party's mitigation goals or actions (including assumptions and methodologies used to calculate impacts of mitigation actions, if applicable), lessons learned by the Party concerned and recommendations, either in terms of substance (e.g. that country-specific emission factors should be used in selected inventory

[16] Some guidance and an outline for review reports is provided in Annex III of decision 2/CP.1 (UNFCCC, 1995).

[17] Another possibility is that none of the analysis report is made publicly available, but this would not help to increase transparency.

categories) or in terms of process (e.g. a permanently-staffed body in charge of preparing national GHG inventories should be established).

The Cancun Agreements stipulate that ICA is to result in a summary report. The summary report could contain an objective record of proceedings in the international consultations, any written questions and answers exchanged between the Party concerned and other Parties, and potentially also the individual analysis report (or part of it).

Parties could continue to request the preparation of compilation and synthesis reports of national communications and biennial reports from developed countries by the UNFCCC Secretariat. The compilation and synthesis reports of initial biennial reports could provide input to the 2013-15 review of the long-term mitigation goal, depending on the timing of these reports. Figure 3 summarises options for outputs from IAR and ICA.

Figure 3: Options for outputs from IAR and ICA*

IAR	ICA
Technical review • Individual inventory status report** • Individual inventory review report** • Individual BR review report • Aggregate synthesis and assessment report (GHG inventories)** • Aggregate compilation and synthesis report (BRs)	**Technical analysis** - - • Individual BUR analysis report - • Aggregate compilation and synthesis report (BURs)
International assessment • Summary report • Written proceedings of assessment • Written questions and answers	**International consultations** • Summary report • Written proceedings of assessment • Written questions and answers

* Each list shown in the table is a list of options for outputs. It is not the intention of the authors to imply that all of the options listed should necessarily be used. The processes should be kept as simple as possible and the number of outputs should be kept to the minimum necessary to fulfil the objectives of the verification exercise.

** These reports are already produced for Annex I Parties. In future, these reports could be prepared according to revised review guidelines.

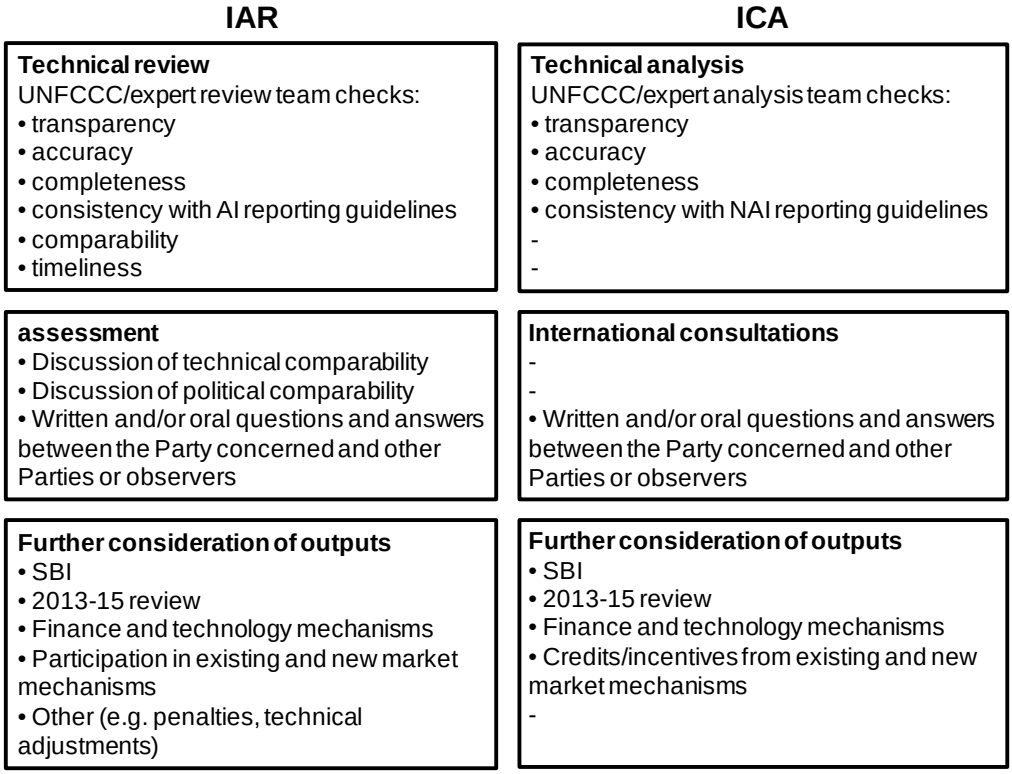
Source: Authors

5. Process

As outlined in Section 4, this paper divides IAR and ICA into three stages: (i) a technical review/analysis stage, (ii) an international engagement stage, and (iii) further consideration of outputs. While the processes for developed and developing countries as a whole could be symmetrical, each stage in the ICA process could be no more onerous than the corresponding stage in the IAR process.[18] The involvement of Parties and other stakeholders could also be different, both within different stages of the IAR and ICA processes as well as between the different processes themselves. Developing countries could be provided with the opportunity to voluntarily "opt in" to the additional steps included in the IAR process, should they wish to do so. Figure 4 summarises what each stage could entail for IAR and ICA.

[18] The UNFCCC refers to "common but differentiated responsibilities" and "respective capabilities". The Cancun Agreements stipulate that reporting requirements for developing countries' national communications will not be more onerous than those for developed countries. Designing IAR and ICA processes that are symmetrical, while ensuring greater flexibility in the ICA process, enables the processes to be both common and also differentiated (i.e. not more onerous for developing countries).

Figure 4: Options for process stages of IAR and ICA



Source: Authors

This section explores in greater detail the stages within the IAR and ICA processes outlined above. It also identifies which of these stages are new, and which could build on current verification processes.

5.1 Technical review/analysis

The technical stage of both IAR and ICA is an important one. Technical review will be needed in the IAR process in order to ensure that it is rigorous and robust. Technical analysis will also be needed in the ICA process, in order to enable it to increase transparency on countries' mitigation actions and their effects. While the technical stage of both processes can vary, they can both build on existing experience with current reviews of GHG inventories and national communications for Annex I Parties under the FCCC and the KP, which also have a technical focus.

5.1.1 Technical review in the IAR process

The scopes of existing reviews of Annex I national communications and GHG inventories are different, and further vary depending on whether they are conducted under the umbrella of the UNFCCC or the KP. There is likely to be a large overlap between such reviews (as undertaken at present according to current guidelines, or in the future under revised guidelines) and the technical review stage of the IAR process. In order to use resources most efficiently, it will therefore be important to ensure that revised reviews of GHG inventories and national communications (including biennial reports) are used by the IAR process.

The following items could be included in the technical review stage of IAR:

- A **completeness** check, where the UNFCCC Secretariat or expert review team examine the report and identify whether the information provided is complete and provided in the correct format. This is already carried out for annual GHG inventory reviews and national communication reviews under the FCCC (Decision 19/CP.8), as well as for information on GHG units reported annually by

Annex I KP Parties (Decision 22/CMP.1).[19] In addition, the first step in the Montreal Protocol Review is a completeness check conducted by the Ozone Secretariat on the data forms submitted by countries.

- A **timeliness** check, where the UNFCCC Secretariat identifies if the report has been submitted on time.
- An assessment of the **transparency and accuracy**[20] of information provided in the report by the expert review team. This is already examined for reviews of GHG inventories and national communications under the FCCC and supplementary information under the KP, which all aim to highlight any problems of transparency and accuracy. If the international community decides that the scope of IAR should also include emissions projections, mitigation actions and support provided then an assessment of the transparency of this information would also be included in the technical reviews of biennial reports and national communications.
- An examination of the **consistency** of the report with the reporting guidelines. This is done for existing technical reviews under the FCCC and KP and can be a rigorous assessment for topics with detailed reporting guidelines, such as GHG emissions inventories and GHG unit transactions. However, as pointed out in previous analyses (Ellis *et al.*, 2010), current reporting guidelines on other topics that could be relevant for the IAR process, such as mitigation actions, are currently less prescriptive. This allows countries to provide information that is consistent with the guidelines but not necessarily comparable. Revising reporting guidelines to include wider use of standardised reporting formats would help to increase both the consistency and comparability of information reported.
- A technical examination of the **comparability** of information contained in reports from developed countries. A synthesis document could be prepared by the UNFCCC Secretariat or expert review team to facilitate discussions of technical and/or political comparability across all developed countries in the international assessment, similar to the technical paper on assumptions, conditions and comparison of the level of mitigation efforts prepared by the Secretariat in 2011 (UNFCCC, 2011e). If such a paper also considered information on GHG emissions and units, such a document could provide a "one-stop shop" for information on emissions and holdings of GHG units *vis-à-vis* emissions reduction commitments for developed countries.

If the scope of IAR is limited to historical information on GHG emissions and GHG units, there would be few "gaps" that are not covered by the revised review processes that an IAR process would need to fill. The main gap would be an examination of the transparency, accuracy, completeness, consistency, comparability (TACCC) and timeliness of information on GHG units from developed country non-KP Parties choosing to use crediting mechanisms to help meet their emissions reduction targets.[21] This information is currently reported and reviewed annually for developed country KP Parties but not for developed country non-KP Parties. It would need to be considered as part of IAR for all developed countries to ensure that the process provides a rigorous and robust assessment of progress on mitigation. In future, information on GHG units

[19] Reviews of Annex I Parties' national communications, GHG inventories, national registries and GHG unit transactions already include an assessment of completeness. Decisions 19.CP.8 and 22/CMP.1 provide a list of what the "initial check" is to examine: for GHG inventories, this includes that (i) the submission is complete; (ii) all sources, sinks and gases included in the IPCC guidelines and any good practice guidance adopted by the COP/MOP are included; (iii) any gaps are explained; and (iv) methods are documented.

[20] Transparency and accuracy are defined in the UNFCCC reporting guidelines for Annex I inventories (UNFCCC, 2003) as follows: "*Transparency* means that the assumptions and methodologies used for an inventory should be clearly explained to facilitate replication and assessment of the inventory by users of the reported information"; and "*accuracy* is a relative measure of the exactness of an emission or removal estimate. Estimates should be accurate in the sense that they are systematically neither over nor under true emissions or removals, as far as can be judged, and that uncertainties are reduced as far as practicable. Appropriate methodologies should be used, in accordance with the IPCC good practice guidance, to promote *accuracy* in inventories."

[21] See Prag *et al.* (2011) for a discussion of what information on GHG units could be reported and reviewed by these Parties.

could be reported and verified on an annual basis for developed country KP Parties and an annual or biennial basis for developed country non-KP Parties.

Some Parties have suggested that information on emissions projections, mitigation actions and support provided should be included in the scope of IAR. At present this information is reviewed only every 3-4 years as part of the review of national communications. If included in the scope of IAR, the TACCC of this information could be examined on a biennial basis as part of the review of biennial reports.

5.1.2 Technical analysis in the ICA process

For developing countries, there are no existing verification processes in place under the UNFCCC. This will change in future, via the ICA process. In order to achieve its stated objective of improving the transparency of mitigation actions and their effects, technical analysis is also likely to need to be part of ICA. The following items could be included such a technical analysis:

- A **completeness** check conducted by the UNFCCC Secretariat or the expert analysis team which provides an objective analysis of what information has been reported in countries' biennial update reports. This also provides an opportunity for the Party concerned to explain why particular information items are not reported, or rectify any unintentional omissions of information. Unlike the guidelines for reports from developed countries, there are likely to be significant provisions for flexibility in the reporting guidelines for biennial update reports for developing countries, particularly for LDCs and SIDS (both in terms of content and/or timing). It is also possible that a completeness check is not conducted for reports from these countries, that it is used to identify capacity building needs for the country, and/or that such a check helps to define the scope of the ICA process for the Party concerned. For example, if a LDC has found it difficult to establish information on support needs then this could be highlighted as an aspect where further capacity is needed, and the technical analysis component of the ICA process need not cover this topic.
- An analysis of the **transparency and accuracy** of information provided. This could include a quantitative component, such as identifying the methods and assumptions used to estimate a country's emissions, as well as the emission impacts of mitigation actions. It could also include a qualitative component, e.g. one that focuses on progress in implementation of mitigation actions. If biennial update reports are relatively short documents, it is likely that such an analysis may require consideration of other inputs containing more detail – such as the previous national communication.
- An analysis of the **consistency** of biennial update reports with the reporting guidelines. The reporting guidelines for biennial update reports are yet to be established and will not be more onerous than those for developed countries. Further, they are likely to leave considerable flexibility in reporting (particularly for LDCs and SIDS).

Identifying capacity building needs could be an important aspect of the whole technical analysis process, and could be included in each of the three steps outlined above.

5.2 International assessment/consultations

The current review processes in place for Annex I Parties under the FCCC and KP focus on the technical review of information reported by the country and its consistency with the reporting guidelines. In addition to enhancing and extending the technical review of information from developed countries, the Cancun Agreements introduce a new exercise of international assessment which is to be conducted under the SBI "with a view to promoting comparability" (UNFCCC, 2011a). The Cancun Agreements also refer to "international consultations" in the context of developing countries.

There is no direct precedent among existing UNFCCC processes for the international assessment part of IAR, or the international consultations part of ICA. However, engagement of international stakeholders frequently occurs in other multilateral review processes (see sections 3.1 and 3.3 above). The form of such engagement can vary, but often involves a discussion of the draft (technical) report that is open to some Parties (e.g. Montreal Protocol), all Parties (e.g. WTO TPRM, IEA IDR), or all Parties and selected

stakeholders (e.g. OECD EPR). In the UNFCCC process, although there have been discussions of a few countries' mitigation actions during recent AWG-LCA mitigation workshops, there is at present no formal session dedicated to discussion of developing country actions, emission trends or national communications. At present, only compilation and synthesis reports of national communications from Annex I Parties are discussed under the SBI and there is almost no discussion of individual review reports or explicit comparison of one country's performance with another's (i.e. no explicit discussion of comparability).[22]

5.2.1 International assessment

The step of "international assessment" will therefore provide a new opportunity to (i) discuss amongst peers the performance of individual countries, and (ii) to compare emissions reduction targets and progress towards them across developed countries in an interactive international setting. One or more of the following components could be included in the international assessment stage:

- A discussion focussed on **technical comparability** across developed countries. This discussion could be facilitated by the preparation of a synthesis document during the technical review which "converts" GHG inventory and unit data from all developed countries to a common basis. For example, data from all countries could be presented to include or exclude certain LULUCF categories, and total emissions could be expressed relative to a specific base year. This process could build on work done by the UNFCCC Secretariat via its compilation and synthesis reports and technical paper on the assumptions, conditions and comparison of emission reduction efforts (UNFCCC, 2011e), as well as under the FCCC GHG inventory review where synthesis and assessment reports (Part I) are compiled using GHG emissions data from all Annex I Parties.[23]
- A discussion focussed on **political comparability** across developed countries. This step could allow the international community to compare and discuss different countries' emissions reduction targets and progress made towards meeting them, potentially in the context of certain emissions-related criteria such as total GHG emissions, GHG emissions per capita, GHG emissions per unit GDP, percentage of renewable energy in primary energy supply, etc. As previously noted, agreeing on the criteria to be used as a basis for such a discussion would be challenging because different criteria and data scopes would lead to different assessments of comparability and conclusions.
- Exchange of **questions and answers** between other Parties and the Party concerned. This step could allow other Parties (and potentially also other observers) to request clarifications on specific items. Depending on the sequencing of the IAR process, this engagement could be based on the review reports prepared during the technical review stage in addition to reports submitted by the Party to the UNFCCC. The questions from other Parties or observers could be written questions submitted before the SBI session and/or oral questions posed to the Party concerned during the session. The procedure by which such questions are asked could have significant implications for resources.[24] In addition to oral answers during the SBI session, the Party concerned could also provide further written responses to questions after the session.

For GHG inventory reviews under the KP, the UNFCCC Secretariat conducts a standard set of data comparisons under the direction of the expert review team. A similar process could be used when assessing the technical component of comparability, i.e. so that all countries' information is presented on a like-for-like basis.

The engagement of other Parties or stakeholders with the Party concerned could fulfil multiple functions. These include enhancing transparency and updating, clarifying or receiving further information. However,

[22] An exception is in-depth review reports from Annex I KP Parties in the event that a "question of implementation" have been raised by the review team that remains outstanding, in which case the review report is discussed by the Compliance Committee.

[23] In this context, *comparability* is defined as meaning that estimates of emissions and removals reported by Annex I Parties in inventories should be comparable among Annex I Parties.

[24] For example, 1500 written questions were recently posed to China as part of a review under the WTO (Steinfatt, 2010, *pers. comm.*).

the basis for such engagement (i.e. the input used) is not yet clear and the potential inputs depend on the sequencing of the IAR process. Given resource constraints, it will be important to ensure that such engagement is productive and does not duplicate work done by the expert review team.

5.2.2 International consultations

For developing countries, the international consultations component of ICA could focus on the exchange of technical questions and answers with the Party concerned. Whether such an exchange is carried out solely by the expert analysis team, or also includes other Parties and stakeholders (who may be better placed than the analysis team to fulfil any capacity building needs identified during the technical analysis component) has not yet been agreed.

Decisions would need to be made regarding how exactly this stage of ICA should be carried out. In particular: (i) whether questions and responses are to be written and/or oral, and when they are to be delivered to the Party concerned (e.g. before, during or after the technical analysis component); (ii) whether any questions from other Parties would need to be channelled via the UNFCCC Secretariat and/or the technical analysis team (to avoid duplication of work if several stakeholders ask similar questions); and (iii) whether other Parties can ask an unlimited number of questions or whether there would be a maximum number allowed.

There could be significant resource implications associated with the international consultations exercise. In particular, even if the time for oral international consultations under the SBI were limited to one hour per country, this would represent several weeks of meeting time if international consultations were to take place for each biennial update report from all developing countries.[25]

5.3 Sequencing

The sequencing of the different stages of the IAR and ICA processes could vary, and is important as it can influence the inputs to each stage of the process as well as the type and extent of stakeholder participation in the verification process. There have been different views amongst countries regarding how to sequence the stages of ICA. In particular, there was disagreement – particularly for ICA – on whether the consultations stage should be conducted before, after or at the same time as the analysis stage. The decision text stipulates that ICA will be carried out "through analysis by technical experts in consultation with the Party concerned"; some countries interpret this as meaning that the international consultations should occur at the same time as the technical analysis (and is carried out by the technical experts, not the wider international community). Others believe the word order in the phrase "international consultations and analysis" should reflect the sequence of stages in the ICA process, and therefore that the consultations should be conducted before the analysis.

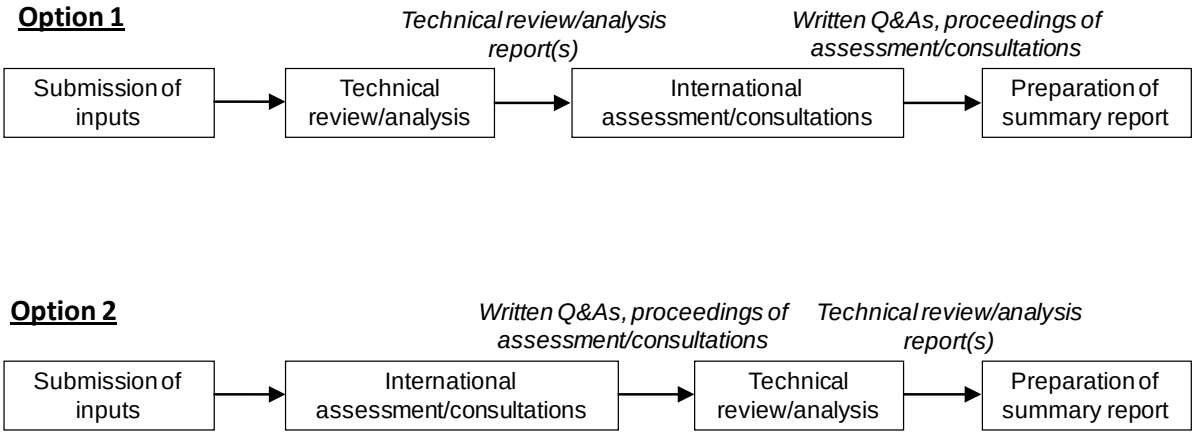
Two of the possible permutations for the sequencing of IAR and ICA are outlined in Figure 5 (note that other permutations are also possible, such as simultaneous analysis and consultations). Under Option 1, the technical review/analysis stage would precede the international assessment/consultations stage. This sequencing would enable international assessment/consultations to be informed by the experts' technical review/analysis report. Such sequencing is already widely used in international verification processes carried out in other fora, e.g. in the IMF, OECD, IEA and Global Forum on Tax Transparency. The Party concerned would be involved at all stages and could have the opportunity to clarify issues or provide additional information during the process. This sequencing could also increase transparency by encouraging wider participation in the process and may facilitate preparations for the international assessment/consultations by the national delegations of other Parties, since they may not have the time or resources to read and analyse the content of reports from other Parties ahead of the session.

By contrast, under Option 2 the international assessment/consultations precede the technical review/analysis. For ICA, if the international consultations occur solely via the interactions between the Party concerned and the technical experts, this could allow for a detailed assessment of capacity building needs, but would not result in an inclusive process whereby Parties could share information, e.g. on lessons

[25] When the SBI meets for one whole day, this generally represents six hours of meeting time.

learned, needs and best practices in implementing mitigation actions. For both IAR and ICA, if other Parties are involved in international assessment/consultations prior to the review/analysis by the technical experts, it could also result in a more resource-intensive process. This is because other Parties would need to base their questions for the international assessment/consultations on a technical exercise performed by themselves, rather than by the team of technical experts referred to in the Cancun Agreements.

Figure 5: Options for sequencing of IAR and ICA



Source: Authors

5.4 Further consideration of outputs

At present, there is considerable variation in terms of who considers the outputs of the different UNFCCC review processes underway and how the outputs are used or feed into other processes. There are also differences regarding whether there are consequences to the Party involved arising from such consideration.

For example, for existing reviews under the Convention there is no procedure for further consideration of the outputs of individual review reports. Only reports containing aggregate information – synthesis and assessment reports (Part I) of GHG inventories and compilation and synthesis reports of national communications – are forwarded to the SBI for their consideration. However, in order to ensure that the IAR process is rigorous and robust, and that the information provided in both the IAR and ICA processes is transparent and accurate, it may be useful for the outputs of these processes to be considered by other bodies, and/or in other processes. Since reports from non-Annex I countries are currently not reviewed, there is also no international process for further consideration of their outputs.

By contrast, under the Kyoto Protocol, all individual review reports from Annex I Kyoto Protocol Parties are forwarded to the Compliance Committee if a "question of implementation" regarding the implementation of a mandatory commitment under the Kyoto Protocol has been raised by the expert review team or another Party. Thus, under KP reviews, the Compliance Committee may apply certain consequences such as adjustments to the GHG inventory, corrections to holdings of GHG units and/or suspension of eligibility to participate in the Kyoto mechanisms. This process will continue until at least the end of the 'true-up period' (2015) for Annex I KP Parties participating in the first commitment period.

As the scope of the IAR and/or ICA processes have the potential to be relatively broad, the outputs of both processes could have wide-ranging relevance in several areas and to several different bodies. The outputs would therefore potentially be relevant to:

- The **Subsidiary Body on Implementation** (SBI), as both the IAR and ICA processes are to be carried out under it.
- The **2013-2015 review**. The outputs from the IAR and ICA processes are relevant here (particularly if the scope of IAR is to include mitigation actions) because the review is to consider the aggregated effect of the steps taken by Parties as well as progress towards achieving the long-term

global goal of the FCCC (which will involve identifying global emissions and emission trends). COP 16 indicated that guidelines concerning the modalities of this review are to be agreed at COP 17.

- The **financial and technology mechanisms** already operating or to be established under the FCCC. The outputs from both the IAR and ICA processes could be relevant here. In particular, if the scope of IAR includes climate support provided then the output from IAR could be important in determining whether countries have fulfilled current commitments in these areas, and if not, how to improve the situation in future.
- **Current and/or new market mechanisms** under the FCCC. For example, there may be certain reporting requirements for countries in order to participate in these mechanisms (as at present for the CDM). Specific bodies may also need to consider national or sectoral emissions inventories and/or particular projects, NAMAs or programmes taking place in developing countries in order to issue credits for such activities.
- A **body assessing implementation of commitments** under the FCCC. For developed country KP Parties, the outcome of reviews can be considered by the KP Compliance Committee. The question then arises as to whether the outcome for developed country non-KP Parties is considered in a similar fashion by another body, and if not, what implications this has for procedural comparability between developed countries.
- For developing countries, the outcome of the ICA process could be considered by the **Consultative Group of Experts** (CGE) to further enhance technical assistance and its capacity building programme.

6. Conclusions

The Cancun Agreements include provisions to enhance international reporting and verification of information reported by countries to the UNFCCC. In particular, "international assessment and review" (IAR) will be established for developed countries and "international consultations and analysis" (ICA) will be conducted of biennial reports from developing countries. ICA will, for the first time, allow for international verification of information provided by developing country Parties to the UNFCCC.

This paper has outlined possible options for the scope, inputs, frequency, process and outputs of IAR and ICA, based on the objectives and principles set out in the Cancun Agreements and experience with other multilateral review processes (including under the UNFCCC and its Kyoto Protocol). The Cancun Agreements provide limited guidance on the shape of IAR and ICA and many unanswered questions remain regarding their implementation. Further, recent country submissions to the UNFCCC indicate that different countries have different interpretations regarding the scope of both IAR and ICA.

The Cancun Agreements make it clear that the ***objectives*** of IAR and ICA are different. IAR is to be conducted "with a view to promoting comparability and building confidence", while the main objective of ICA is to "increase transparency of mitigation actions and their effects" (UNFCCC, 2011a). Many Parties are also of the view that another important objective of ICA is to build the capacity of developing countries to identify and implement mitigation actions (UNFCCC, 2011h).

The Cancun Agreements also outline that the ***underlying principles*** of IAR and ICA are also different. The decision text states that IAR will be rigorous, robust, and transparent, whereas ICA will be non-intrusive, non-punitive, facilitative and respectful of national sovereignty. This deliberate selection of different language for the two processes reflects the difference in their objectives. In particular, although both may promote the reporting of transparent, accurate and consistent information over time, ICA aims to facilitate capacity building in developing country Parties, whilst IAR aims to provide a robust, rigorous and transparent assessment of developed country Parties' progress towards the attainment of their quantified economy-wide emission reduction targets (and potentially also the implementation of commitments for the provision of support to developing country Parties).

Decisions on the ***scope*** of IAR and ICA are also important, as they have implications for the inputs, frequency and resource requirements of these processes. The scope is particularly unclear for IAR at present. A narrow reading of the Cancun Agreements could lead to IAR focusing solely on how a country's historical GHG emissions, removals and GHG unit transfers relate to its emission reduction target; a broader interpretation could include emissions projections, mitigation actions and potentially also provision of support. The text of the Cancun Agreements is also ambiguous about the scope of ICA, which could focus solely on items included in a country's biennial update report (i.e. GHG inventory information, mitigation actions, support received) or could also include other items such as information on GHG units and emissions projections (which could be useful when considering a country's progress in implementation of its mitigation pledge).

For both IAR and ICA, the scope, inputs, frequency, process and outputs are inter-linked and cannot be considered in isolation. In particular, decisions on the scope of IAR will impact which inputs are needed. The frequency with which such inputs are produced will (by definition) affect the minimum frequency at which they can be reviewed. For example, if information on emission projections is to be considered during IAR, the inputs would need to include information reported via biennial reports and/or national communications and therefore a review of this topic could not be conducted annually.

Table 6 summarises options suggested in this paper for the possible inputs, outputs and process for IAR and ICA.

Which ***inputs*** are needed for IAR and ICA will depend on the scope of these processes and, in the case of IAR, on the relationship between IAR and current/revised review processes. The text of the Cancun Agreements stipulates that ICA of biennial reports will be conducted, but does not explicitly specify the input(s) for IAR. Since the scope of IAR overlaps with that of the reviews of GHG inventories and potentially also national communications for developed countries, the summary reports from these reviews could provide input to the IAR process. Parties need to decide if national communications, in addition to biennial reports and biennial update reports, will provide input for IAR and ICA. If not, detailed information (e.g. relating to methodologies and assumptions) will be needed in biennial [update] reports and this could result in lengthy documents and lead to greater resource requirements (both in terms of reporting and IAR/ICA).

The ***output(s)*** of IAR and ICA also need to be decided. A balance is needed between effective and comprehensive processes that satisfy the underlying principles and the requirements of the Party concerned (e.g. to highlight capacity building needs as part of ICA), and processes which are sustainable in terms of resource requirements. For example, it will be important to minimise any duplication between IAR and revised review processes for developed countries, and to limit the number of outputs in both the IAR and ICA process. While most of the outputs from IAR and ICA will be focused on individual countries, some outputs (including those that focus on comparability for developed countries) will need to have a broader focus.

Table 6: Summary of options for IAR and ICA

	IAR	**ICA**
Objectives	Promote comparability and build confidence in information reported by developed countries	Increase transparency of mitigation actions in developing countries
Scope	• Historical GHG emissions • Information on GHG units and LULUCF • Mitigation target • Mitigation actions • Emissions projections • Support provided	• Historical GHG emissions • - • - • Mitigation actions • Emissions projections • Support needed/received
Inputs and frequency	Technical review • GHG inventory *(reviewed annually)* • National inventory report *(reviewed annually)* • Information on GHG units and LULUCF *(reviewed annually for KP Parties, frequency tbd for non-KP Parties)** • Biennial report *(reviewed biennially)* • Previous national communication International assessment *(could be annually or biennially, depending on scope)* As above, plus: • Written questions from technical experts, other Parties or observers • Other information provided by the Party concerned	Technical analysis *(frequency tbd – could vary)*** • - • (NIR included in biennial update report) • - • Biennial update report • Previous national communication International consultations *(frequency tbd – could vary)*** As above, plus: • Written questions from technical experts, other Parties and/or observers • Other information provided by the Party concerned
Outputs	Technical review • Individual technical review reports*** • Aggregate compilation and synthesis reports (GHG inventories and biennial reports)*** International assessment • Summary report	Technical analysis • Individual technical analysis report*** • Aggregate compilation and synthesis report (biennial update reports)*** International consultations • Summary report
Process	Technical reviews UNFCCC/expert review team checks: • transparency • accuracy • completeness • consistency with AI reporting guidelines • comparability • timeliness International assessment • Discussions on technical and/or political comparability of progress on mitigation • Questions and answers between the Party concerned and other Parties or observers Further consideration of outputs • SBI • 2013-15 review • Finance and technology mechanisms • Participation in market mechanisms • Other (to be decided)	Technical analysis UNFCCC/expert analysis team checks: • transparency • accuracy • completeness • consistency with NAI reporting guidelines • - • - International consultations • - • Questions and answers between the Party concerned and technical experts and/or other Parties or observers Further consideration of outputs • SBI • 2013-15 review • Finance and technology mechanisms • Credits/incentives for market mechanisms • -

* For developed country KP Parties, information on GHG units and LULUCF is already submitted annually and reviewed as part of the GHG inventory review under the KP. For developed country non-KP Parties, information on GHG units and LULUCF could also be reported and reviewed, either annually or biennially.

** The frequency could depend on the level of support provided, country grouping (e.g. less frequent for LDCs and SIDS) or other criteria (e.g. share of global emissions, capability or progress made in implementing mitigation actions).

*** If the technical review/analysis stage comes before the international assessment/consultations stage, the technical review/analysis reports and C&S reports could provide inputs to the assessment/consultations.

In terms of the ***process*** for IAR and ICA, this paper suggests that both are made up of three main stages. While the three stages are common to both processes, the components within each stage will vary – allowing for the processes to be both common and differentiated. The process proposed in this paper for ICA is not more onerous than that for IAR. The three stages are:

1. **Technical review/analysis** of information reported by countries to the UNFCCC. For both IAR and ICA, this stage would aim to provide confidence in the accuracy and transparency of information presented, as well as an indication of completeness and consistency with any reporting guidelines. In addition, for IAR, this stage would include an assessment of timeliness and comparability. For IAR, this stage could also build on reviews currently carried out under the UNFCCC and KP of Annex I country GHG inventory information and national communications. For ICA, this component could include an analysis of capacity building needs.
2. **International assessment/consultations** on these national reports. For both IAR and ICA, this stage could provide for engagement of other Parties and stakeholders with the Party concerned – although the form of such engagement could vary between the two processes. The current system for review under the UNFCCC and KP does not provide for international engagement on an individual country's climate reports, so this stage would be new.[26] For IAR, it could also cover a sub-component on comparability (including both technical and political aspects).
3. **Further consideration of outputs**. Depending on the scope of IAR and ICA, output from these processes may be relevant to several different groups or bodies, particularly the Subsidiary Body for Implementation (SBI), as both processes will be held under its aegis. Consideration by other bodies may also be relevant, including those involved in preparing the 2013-2015 review, those governing the operation of market mechanisms, and the financial and technology mechanisms that are already operating or that are planned to be established. For developed country Parties, outputs from the IAR process may also be relevant to any existing or new bodies assessing the implementation of commitments under the Convention and the KP (e.g. the Compliance Committee for KP Parties). For developing countries, outputs may also be relevant to the work of the Consultative Group of Experts.

The components of these main stages may differ between ICA and IAR. For example, a key purpose of IAR is to promote comparability and so the international assessment stage could include components that focus on the technical and political aspects of comparability. These components would not be included for ICA. Provisions to ensure that the IAR process is rigorous and robust could involve, *inter alia*, detailed examination of methods and assumptions and/or examination of the output of IAR by existing or new bodies assessing the implementation of commitments. Other components, such as a technical check that the information provided is transparent and accurate, could be common to both IAR and ICA. Given the emphasis in the Cancun Agreements on flexibility for developing countries, the components of ICA (or the level of detail at which they are carried out) may also differ within the group of developing countries; for example, a completeness check may not be included for LDCs and SIDS. Table 7 compares the possible sub-components of IAR and ICA with the stages in the existing review processes for Annex I Parties.

The ***frequency*** of the IAR and ICA processes also needs to be determined. This could vary between as well as within the two processes. Key questions regarding frequency for IAR and ICA are: should all developed country reviews (with their different periodicities) feed into the IAR process; what frequency will best help countries improve their future reports; how often does the "international engagement" stage of the two processes occur; is the frequency of this engagement linked to the frequency of reporting, e.g. via biennial [update] reports, and if not, how is the frequency determined?

How different stages of IAR and ICA are ***sequenced*** is also important as it can influence the inputs to each stage, as well as the type and extent of stakeholder participation. For example, within the review part of the IAR process, conducting the GHG inventory review before the biennial report review would enable the latter to focus on other topics such as mitigation actions, projections and/or support provided. Further, conducting the technical analysis/review stage before the international engagement stage could help to increase transparency and facilitate wider participation in the latter stage as technical reports prepared by the Secretariat would be available to other Parties and stakeholders.

[26] Although several mitigation workshops have recently been undertaken under the AWG-LCA to clarify the assumptions and conditions behind the emissions reduction targets of selected Annex I Parties, it has not been systematically done for all Parties.

Table 7: Relationship of possible stages under IAR and ICA with current UNFCCC review processes

Stages	**Convention (AI)**	**Kyoto Protocol (AI)**	**IAR (developed)**	**ICA (developing)**
Technical review/analysis				
- transparency and accuracy	Yes	Yes	Yes	Yes
- completeness	Yes	Yes	Yes	Yes
- consistency with guidelines	Yes	Yes - GHG inventory, NC	Yes	Yes
- comparability	Yes	Yes	Yes	No
- timeliness	Yes	Yes	TBC	No
International assessment/consultations				
- comparability: technical element	No	No	TBD	No
- comparability: political element	No	No	TBD	No
- questions to Party concerned*	No	No	TBD	TBD
- response by Party concerned	No	No	TBD	TBD
- compilation and synthesis report	Yes	Yes	TBD	TBD
Further consideration of outputs				
- SBI	No**	No**	TBD	TBD
- 2013-2015 review	No	No	Yes	Yes
- adjustment of emissions	No	Yes	TBD	No
- corrections to holdings of GHG units	No	Yes	TBD	TBD
- participation/eligibility in existing KP market mechanisms	No	Yes	TBD	TBD
- participation in/credits from possible new market mechanisms	n/a	n/a	TBD	TBD
- forwarding information to financial and technology mechanisms	No	No	TBD	TBD
- CGE	No	No	No	TBD
- KP Compliance Committee or other body	No	Yes	TBD	No

* This item refers to questions by the international community to the Party concerned by during IAR and ICA (the technical experts will also ask questions of clarification to the Party during the review/analysis process).

** Compilation and synthesis reports containing aggregate data across Annex I Parties are currently considered under the SBI, but not individual reports from Annex I Parties.

There are ***resource requirements*** associated with both IAR and ICA (as well as for preparing the reports on which these are based). A trade-off may be needed between an IAR process that is rigorous and robust, and one that is practical in terms of human resources and time. For example, it may be that GHG inventory reviews are conducted annually but the international assessment exercise is only conducted biennially, or conducted in groups for small developed country emitters. To minimise the extra resources needed for IAR and ICA, both processes could build upon the experience already gained with reviews of Annex I GHG inventories and national communications under the FCCC and KP.

Mobilising the required resources may be challenging and may also require a change from the current arrangement whereby countries offer various numbers of expert reviewers on a voluntary basis. The resource implications of IAR and ICA will also depend on the sequencing of the stages and how they are implemented. For example, allowing the Party concerned to answer a grouped set of questions from other Parties and stakeholders could alleviate the resource burden compared to a situation where similar but non-identical questions are responded to individually. Minimising overlap between IAR/ICA and other UNFCCC processes (such as the mitigation workshops held in negotiation sessions in 2011) is also important.

However, as well as entailing costs, ICA and IAR could also bring ***benefits*** for both the Party concerned and the international community. For example, IAR/ICA is an opportunity for the Party concerned to receive feedback from a team of international experts on the information reported. For developing countries

in particular, ICA could assist in identifying key capacity-building needs. For the international community, IAR and ICA could help to deepen understanding of climate mitigation initiatives being undertaken in other countries and provide a process to better measure progress towards the goals of the Convention (as well as individual country's targets or goals). Nevertheless, clarity is needed on if and how IAR and ICA will provide incentives to enhance the ambition of national climate policy responses.

The challenge for the international community will be to ensure that IAR and ICA are useful processes, both nationally and internationally, while minimising the resource requirements needed to implement them. A useful first step would be for the international community to agree on the principles, scope, process and outputs for IAR and ICA. This would pave the way for more detailed guidelines to be drafted subsequently.

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Glossary

AI	Industrialised countries listed in Annex I of the UNFCCC
AWG-LCA	Ad Hoc Working Group on Long-term Cooperative Action under the UNFCCC
BAU	Business As Usual
BR	Biennial Report (to be prepared by Annex I countries)
BUR	Biennial Update Report (to be prepared by non-Annex I countries)
C&S	Compilation and Synthesis
CDM	Clean Development Mechanism
CGE	Consultative Group of Experts
COP	Conference of the Parties to the UNFCCC
CRF	Common Reporting Format
DAC	Development Assistance Committee (of the OECD)
ERT	Expert Review Team
FTCB	Financial, technology and capacity building support
GDP	Gross Domestic Product
GHG	Greenhouse Gas
IAR	International Assessment and Review
ICA	International Consultations and Analysis
IEA	International Energy Agency
IPCC	Intergovernmental Panel on Climate Change
KP	Kyoto Protocol
LDC	Least Developed Country
LULUCF	Land Use, Land Use Change and Forestry
MRV	Measurable, Reportable and Verifiable
NAI	Developing countries that are not listed in Annex I of the UNFCCC
NAMA	Nationally Appropriate Mitigation Action
NC	National Communication
NIR	National Inventory Report
ODA	Official Development Assistance
ODS	Ozone depleting substances
OECD	Organisation for Economic Co-operation and Development
S&A	Synthesis and Assessment
SBI	Subsidiary Body for Implementation
SBSTA	Subsidiary Body for Scientific and Technological Advice
SEF	Standard Electronic Format (common reporting format tables used by Annex I Kyoto Protocol Parties to provide annual data on unit transactions)
SIDS	Small Island Developing States
TACCC	Transparent, Accurate, Complete, Consistent and Comparable
TBD	To Be Decided
UNFCCC	United Nations Framework Convention on Climate Change

Annex A: Summary of existing multilateral review processes surveyed

Table 8: Summary of existing multilateral review processes surveyed

	UNFCCC Review of Annex I National Communications	**UNFCCC GHG Inventory Review**	**IEA In-depth Review of Energy Policies**	**OECD Environmental Performance Review**	**Global Tax Transparency Review**
Countries reviewed	The 42 Parties included in Annex I to the Convention.	The 42 Parties included in Annex I to the Convention.	The 28 IEA member countries.	The 34 OECD member countries, as well as non-OECD countries on request.	The 101 member countries of the Global Forum on Transparency and Exchange of Information for Tax Purposes (GF), as well as relevant non-member countries.
Objectives	**Convention**: To assess the implementation of commitments under the Convention and to ensure the COP has accurate, consistent and relevant information at its disposal. **Kyoto Protocol (KP):** As above, plus to provide the CMP with information to assessment the implementation of a Party's KP commitments.	**Convention**: To ensure the COP has adequate and reliable information on emissions trends, to assess the implementation of commitments under the Convention, to examine consistency with the UNFCCC and IPCC reporting guidelines and to assist Parties in improving the quality of their GHG inventories. **KP:** As above, plus to provide the CMP with information to assessment the implementation of a Party's KP commitments.	To provide an independent assessment of the consistency of countries' energy policies with the IEA's Shared Goals, to encourage the development and implementation of energy policies in line with these Shared Goals, and to facilitate the exchange of up-to-date information about energy policies between member countries.	To help countries improve their individual and collective performances in environmental management by assisting them in carrying out national evaluations, promoting dialogue between countries and enhancing accountability.	To promote and assist with the universal, rapid and consistent implementation of agreed standards of transparency and exchange of information for tax purposes.
Principles/manner of review	**Convention**: Thorough, comprehensive, facilitative, non-confrontational, open and transparent. **KP**: As above, plus objective and consistent.	**Convention**: Objective, consistent, transparent, thorough, comprehensive, facilitative and open. **KP:** As above.	Thorough, systematic, pragmatic, bottom-up and facilitative based on each country's specific circumstances.	A free and frank exchange of views is encouraged.	Effective, fair, transparent, objective, cost-efficient and co-ordinated with other organisations.

Scope and inputs	**Convention:** National communications and any additional information provided by the Party concerned. **KP:** As above, plus supplementary information provided under Article 7.	**Convention**: GHG inventories (CRF tables) and national inventory reports. **KP:** As above, plus supplementary information provided under Article 7, including information on GHG units in SEF tables.	The country responds to a preliminary questionnaire.	The country concerned provides responses to a preliminary questionnaire. The scope is determined by bilateral consultations between the country concerned and the OECD Secretariat. The policies of the country concerned are assessed in the context of their domestic objectives and international commitments.	Country responds to a preliminary questionnaire. Other GF countries are invited to provide input and indicate issues they would like to see raised during the review.
Frequency	Determined by COP decisions. Generally national communications from each Annex I Party are submitted **approximately every 4 years** and reviewed within 1–2 years of submission.	All 42 Parties are reviewed **annually**.	Each country is reviewed **every 4-6 years** (with update reports in between in-depth reviews).	Each country is reviewed **every 8-9 years** (the OECD aims to increase the frequency to every 5-6 years).	**No regular frequency**. Initially, only two reviews are planned for each country: Phase 1 and Phase 2. Phase 2 generally occurs 18-24 months after Phase 1 (although countries with a historical commitment to high tax transparency standards may have Phase 1 and 2 combined). Approximately 40 reviews are being undertaken per year, with priority given to countries with greater capacity for implementing actions.

Process	**Technical review**: Desk or centralised review of the national communication by an expert review team (ERT), followed by an in-country visit. During the desk/centralised review the ERT notifies the Party concerned of any questions the team has and consults on focal areas for the in-country visit. **Facilitative discussion:** The compilation and synthesis report is discussed under the SBI (this was last discussed at Bonn in June 2011).	**Technical review**: 1. Initial check by the UNFCCC Secretariat that the information submitted is complete and in the correct format. A status report is prepared. 2. Synthesis and assessment by the UNFCCC Secretariat: Part I shows aggregate inventory information from all Parties; Part II is a preliminary analysis of an individual Party's inventory and provides input for the individual review stage. 3. Individual review: the ERT examines the Party's data, methodologies and procedures used in preparing the national inventory. Most reviews are centralised; in-country reviews are conducted at least once every five years for each Party. **Facilitative discussion:** None.	**Technical review**: An in-country visit lasting one week by an ERT. On the final day the ERT presents its preliminary findings and recommendations and exchanges views with the government of the country concerned. **Facilitative discussion:** A draft report is discussed under the Standing Committee on Long-Term Cooperation (SLT). All IEA countries may participate in the discussion.	**Technical review**: An in-country visit by an ERT to clarify information and assess of views of a wide range of stakeholders. **Facilitative discussion:** A draft report is discussed under the Working Party on Environmental Performance (WPEP) All OECD countries may participate in the discussion.	**Technical review**: 1. Phase 1 is a desk review of the jurisdiction's legal and regulatory framework in the context of any international agreements. 2. Phase 2 is an in-country review which considers implementation. Countries with an Exchange of Information (EOI) relationship also complete a "Peer Questionnaire". **Facilitative discussion:** A Peer Review Group (PRG) of 30 GF member countries oversees the process. A draft report is discussed under the PRG, where it must be approved by consensus. It is then passed to the GF for its approval.

Composition of review team	A geographically balanced team of international experts serving in their personal capacity, selected from a roster of experts nominated by countries and organisations and co-ordinated by the UNFCCC secretariat. They must not be from, or nominated by, the Party under review.	See UNFCCC review of national communications.	The ERT is composed of 7-8 experts nominated by IEA member countries, taking into account factors such as geographic diversity, expertise and major issues to be reviewed. The team also has the support of several IEA Secretariat analysts.	The ERT is composed of OECD Secretariat staff and experts from other member countries, sometimes other international organisations.	An assessment team of two independent experts (public officials drawn from PRG member countries) supported by one OECD Secretariat staff member. GF member countries outside of the PRG are eligible to provide assessors.
Participation of other stakeholders	Intergovernmental organisations are invited to contribute staff and/or resources to assist with the review.	The expert review team may use any relevant technical information such as that from international organisations.	In-country visits often include talks with industry and other stakeholders in national energy policy (e.g. local governments, regulators, electricity utilities, coal industry, consumer associations and NGOs) at the discretion of the host government.	International organisations, Academic institutions, industry and NGOs are also consulted during the in-country review.	Participation by stakeholders is not foreseen but business and civil society groups may submit information or opinions if they wish.
Outputs	**Documents:** In-depth review report containing recommendations; compilation and synthesis report of aggregate information from all Annex I Parties. All reviews reports are made publicly available on the UNFCCC website.	**Documents:** Status reports, synthesis and assessment reports (Part I and Part II), individual review reports, annual report containing aggregate information from all Parties. All reports are made publicly available on the UNFCCC website, except for Part II of the synthesis and assessment report which is sent to the Party concerned and the ERT only.	**Documents:** A review report containing recommendations, which is made publicly available. Analysis and recommendations are tailored to the unique situation of each country.	**Documents:** A review report containing recommendations and proceedings. Both are made publicly available.	**Documents:** A final report containing recommendations, which is made publicly available. The report is prepared by the GF Secretariat in consultation with the assessors. Updates of important developments in the interim period between Phase 1 and Phase 2 may be published.

Outputs	**Incorporation of comments**: A draft review report is provided to the Party concerned, which then has four weeks to comment. These comments are taken into account in the final report. **Confidentiality:** The Party concerned may request that information remain confidential with adequate justification.	**Confidentiality:** A code of practice for the treatment of confidential information during the inventory review was agreed at COP 9.	**Incorporation of comments**: A draft report is sent to the country concerned for comment and factual correction. The final report takes into account any comments received as well as comments made in the SLT discussion, and is approved by the country concerned before release.	**Incorporation of comments**: A draft report is sent to the country concerned for comment and factual correction. The final report takes into account any comments received.	**Incorporation of comments**: A draft report is sent to the country concerned for comment. An unofficial response by the country concerned may be contained in an annex to the final report.
Further consideration of outputs	**Convention:** The compilation and synthesis report is considered under the SBI. No further compliance provisions exist under the Convention. **KP: "**Questions of implementation" may be listed in the in-depth review report; review reports are considered by the Compliance Committee; potential consequences include adjustments to the GHG inventory, corrections to the assigned amount and suspension of eligibility to participate in flexibility mechanisms. In the event of non-compliance at the end of the true-up period, a Party's assigned amount will be reduced by 30% in the second commitment period.	See UNFCCC review of national communications.	No compliance procedure. Review relies on peer pressure between countries to encourage improvements over time.	No compliance procedure. Review relies on peer pressure between countries to encourage improvements over time.	The review allocates compliance ratings. For Phase 1, classifications range from "in place" to "not in place" for certain legislative elements. For Phase 2, classifications range from "compliant" to "not complaint" for the jurisdiction as a whole. Upon completion of both phases, the jurisdiction is given an overall rating. The country concerned then reports to the PRG on steps taken or planned to implement any recommendations. Review replies on peer pressure between countries to encourage improvements over time.

Table 8: Summary of existing multilateral review processes surveyed (continued)

	Montreal Protocol Review	**UN Human Rights Council Review**	**IMF Bilateral Surveillance**	**WTO Trade Policy Review Mechanism**
Countries reviewed	The 196 Parties to the Montreal Protocol.	The 193 UN member countries.	The 187 member countries of the IMF.	The 153 members of the WTO.
Objectives	To assess compliance with agreed phase-out schedules for Ozone Depleting Substances (ODSs) and to promote international co-operation in R&D and transfer of technology taking into account technical and economic considerations and needs of developing countries.	To examine the fulfilment of human rights obligations and commitments under eight interdependent human rights treaties and related law and to enhance the promotion and protection of human rights through international dialogue and co-operation.	To monitor the impact of Members' policies on the stability of the international monetary system in order to assure orderly exchange arrangements and to promote a stable system of exchange rates.	To improve adherence of countries' trade policies and practices with rules, disciplines and commitments made under the Multilateral Trade Agreements and to assess the impact of policies on the multilateral trading system.
Principles/manner of review	Not explicitly stated.	Universal, impartial, objective and non-selective.	Clear, candid, frank, open, even-handed, flexible and comprehensive.	Not explicitly stated.
Scope and inputs	Countries submit data on ODS inventories using five data forms provided by the Ozone Secretariat.	The country prepares a national report and the Office of the High Commissioner for Human Rights (OHCHR) prepares two compilations of information: one from independent human rights experts, and one from other relevant stakeholders, based on guidelines adopted by the Council. A total of three reports.	Ongoing reporting by countries on exchange rate policies and other monetary, fiscal, and financial sector policies	A policy statement provided by the country concerned.
Frequency	Each country is reviewed **annually**.	Each country is reviewed **every four years**.	In general each country is reviewed **annually**, although countries that pose low risk to global financial stability or are under fund-supported arrangements are reviewed **every two years**.	Determined by a country's share of world trade as follows: • The four countries with the largest shares of world trade are reviewed **every two years** • The next sixteen are reviewed **every four years** • Others are reviewed **every six years** • The period is longer for LDCs Groups of countries with "common external policies" may undergo joint reviews.

Process	**Technical review:** 1. Desk review of data by the Ozone Secretariat, focusing on completeness and compliance with the agreed phase-out schedules. The Secretariat may make data queries. 2. Individual report: any country-specific issues are referred to the Implementation Committee for resolution. 3. Synthesis report prepared by the Secretariat which combines all country results. **Facilitative discussion:** Meeting of the Parties discusses collective implementation of the Convention (but not country-specific implementation).	**Technical review:** None. **Facilitative discussion:** Review is conducted in Universal Peer Review (UPR) working group by way of an interactive dialogue with the country concerned. Issues or questions may be transmitted to the country concerned in advance to facilitate its preparation and focus the review.	**Technical review:** 1. A desk review by an expert review team, which has discretion to set the focus of the review. 2. In-country review by the expert review team, resulting in a draft staff report. **Closed discussion**: Draft staff report is discussed in a closed session of the IMF management and Executive Board. This discussion is not open to officials of the country concerned.	**Technical review:** An in-depth report is prepared by a WTO expert review team providing clarification of the country's trade policies and practices. **Facilitative discussion:** The in-depth review report is discussed by all WTO members in a session of the Trade Policy Review Body (TPRB), facilitated by one discussant that is selected in consultation with the country concerned.
Composition of review team	The desk review is conducted by an Ozone Secretariat review team.	A Troika of three member countries leads the review and prepares the report. A Universal Peer Review (UPR) working group of 47 members and any other interested countries participates in discussion.	The IMF expert review team is composed of country- and issue-specific IMF experts. The IMF Executive Board is comprised of the Executive Directors (based on IMF constituencies) who serve as officers of the Fund.	The WTO expert review team is composed of economists from within the Secretariat. The Trade Policy Review Body (TPRB) is comprised of all WTO countries.

Participation of other stakeholders	International organisations involved in implementation may provide data input to and attend Implementation Committee meetings.	Two sets of stakeholder inputs are collated by OHCHR: 1. Information from independent human rights experts and groups, human rights treaty bodies and other UN entities is included in one report. 2. Additional credible and reliable information provided by other relevant stakeholders is included in a second report. Stakeholders may also attend the interactive dialogue.	Representatives of business, labour unions, civil society and donor community are consulted during the in-country review.	The expert review team may draw on a wide variety of official and unofficial sources when preparing its report.
Outputs	Summary report containing recommendations and proceedings of the Implementation Committee. Both are made publicly available.	Final outcome report containing recommendations prepared by the review-leading Troika with the involvement of the country concerned and the OHCHR. The report is adopted by the plenary of the Council. All reports and proceedings are made public. The final outcome report provides a summary of the actual discussion including the questions, comments and recommendations made by members, as well as the responses by the country concerned.	Following the discussion, a final report is prepared containing recommendations. A Public Information Notice (PIN) containing a summary of staff report and views of the Executive Board is published. The final report PIN and accompanying analysis are made public with the consent of the country concerned.	The country's policy statement, the Secretariat in-depth review report and the proceedings of the TPRB meeting (including Chairperson's remarks, written questions and responses) are made publicly available. Individual reviews feed into the annual report of the TPRB and the Director General's annual Overview of Development in the International Trading Environment.

Further consideration of outputs	Non-reporting countries are highlighted to the Meeting of the Parties. Persistent failures and issues of accuracy and compliance are referred to the Implementation Committee, who may recommend "appropriate assistance", "issuing of cautions", or "suspension" of certain rights and privileges. For developing countries, eligibility for assistance from the Multilateral Fund and flexibility provisions depends on meeting reporting requirements.	No compliance procedure (except under each treaty). Relies on peer pressure between countries to encourage improvements over time. A "Separate Complaints Procedure" exists. Capacity-building and technical assistance in implementing the recommendations is provided by the international community, in consultation with the country concerned, through the "Voluntary Fund for Financial and Technical Assistance".	No compliance procedure. If warranted, the IMF can: • "intensify" ongoing consultations with country concerned • initiate *ad hoc* consultations (although this has never been done) • initiate multilateral consultations to address problems of systemic or regional importance The outputs also feed into multilateral surveillance processes, including the IMF World Economic Outlook, Global Financial Stability Report and Regional Economic Outlooks.	No compliance procedure. The outputs are forwarded to the Ministerial Conference, which takes note of them. Capacity-building and technical assistance can be made available on request to developing countries, in particular Least Developed Countries. There is a Separate Dispute Settlement Procedure for cases of alleged violation, although the review is "not intended to serve as a basis for enforcing specific obligations, settling disputes, or imposing new policy commitments." Relies on peer pressure between countries to encourage improvements over time.

Sources: UNFCCC, 1995; 2003; n.d.; IEA, 2002; OECD, 2010; n.d.; UNEP, 1987; 2009; UN HRC, 2007; IMF, 2007; WTO, 1995.