

New Zealand

Ad hoc Working Group on Long-term Cooperative Action under the Framework Convention

24 April 2009

Introduction

1. Parties are asked to submit their ideas and proposals on elements of paragraph 1 of the Bali Action Plan (Decision 1/CP.13), including on the form of the agreed outcome. These ideas and proposals are to be taken into account in a negotiating text to be prepared by the Chair for consideration at the sixth session of the AWG-LCA.
2. This submission summarises New Zealand's preliminary views on the form of a post-2012 legal framework and on the following elements of the agreement: a long-term global goal for emissions reductions; nationally appropriate mitigation action by developing countries, including use of market mechanisms; finance; measurement, reporting and verification; and adaptation.
3. Separate submissions to the AWG-LCA have been made on REDD and a NAMA market mechanism.
4. New Zealand reserves its right to submit further proposals, including for legal text.

Form of a post-2012 legal framework

5. Discussions during the most recent negotiations in Bonn highlighted the interrelationship between the AWG-LCA and AWG-KP negotiating tracks. For example, new commitments for Annex I Parties under the Kyoto Protocol form an integral part of fulfilling the Bali Action Plan, and proposals for new market mechanisms in this working group will impact on the work underway in the Kyoto Protocol.
6. New Zealand considers that it would enhance coherency and consistency, and avoid duplication of effort, if the two tracks combined to form an integrated post-2012 outcome within the United Nations Framework Convention on Climate Change (UNFCCC) framework. This integrated outcome must include mitigation actions and commitments by developed and developing country Parties as mandated under the Bali Action Plan.
7. New Zealand favours a single Protocol or other treaty instrument under the UNFCCC to combine the outcomes of both negotiating tracks. The advantages of this approach include common Parties, institutions and entry into force provisions; internally consistent application of mechanisms and interpretation of

terms; and coherence between the provision of funding/technology transfer and the modalities for their use.

8. Should the immediate Copenhagen outcome be less than fully integrated, there would need to be a pathway to full integration including via appropriate entry into force provisions. This is an important means of ensuring the environmental integrity of the overall climate change framework, and further ensures reciprocity of action, thereby encouraging Parties to make new commitments.
9. New Zealand is also interested in exploring the idea of national schedules to express the commitments and undertakings of individual country Parties. Such an approach could provide flexibility for the content and form of Parties' commitments and actions within an overarching framework of rules determining how those commitments and actions will be interpreted and applied.
10. We note further the importance of achieving the most comprehensive outcome possible at Copenhagen. The principal elements of rules and mechanisms which will affect how Parties' commitments are quantified need to be clearly elaborated to enable Parties to assess and agree to new commitments.

A long-term global goal for emissions reductions

Description

11. We propose a stabilisation level for greenhouse gas concentrations in the atmosphere that is able to be reviewed in light of the latest scientific information and in conjunction with the assessment of the level of commitments made by all Parties.

Rationale

12. Science will continue to inform and guide our judgement of the long-term global goal. Parties agree that the Fourth Assessment Report (AR4) of the Intergovernmental Panel on Climate Change (IPCC) provides the most comprehensive assessment of climate change science to date.
13. The long-term goal will only have utility if current and future greenhouse gas emissions and trends are accurately measured, reported, and verified. We therefore propose text in relation to inventories under the measurement, reporting and verification section.
14. As this goal will need to be updated periodically in light of intergovernmental scientific assessments, New Zealand considers that it is preferable to express the goal in a decision of the Conference of the Parties.

Proposed legal text: COP decision

"The Conference of the Parties,

Reaffirming the importance of the ultimate objective of the Convention as set out in its Article 2,

Decides that the global goal guiding the commitments and actions of all Parties under the Convention towards the achievement of its ultimate objective shall be

the stabilization of greenhouse gas concentrations in the atmosphere at not more than 450 parts per million of carbon dioxide equivalent;

Decides that this level should be kept under review in the light of intergovernmental scientific assessments.

Nationally Appropriate Mitigation Actions (NAMAs) by developing countries and Measurement, Reporting and Verification

Description

15. The current Annex I list of the Framework Convention is not an accurate reflection of responsibility or capability. Parties in a position to do so should either join Annex I or take on commitments comparable to those of Annex I Parties.
16. For non-Annex I countries, improved reporting and information on their emissions will be required in order to understand the effect of their nationally appropriate mitigation actions at the national and global levels, and to assess financing needs.
17. New Zealand therefore proposes to improve the frequency of national communications from Parties not included in Annex I to the Convention through the mandatory and annual submission of national greenhouse gas inventories for major emitting and advanced developing countries.
18. New Zealand is also interested in exploring the idea of national schedules to express the commitments and undertakings of individual country Parties. Such an approach could provide flexibility for the content and form of Parties' commitments and actions within an overarching framework of rules determining how those commitments and actions will be interpreted and applied. To facilitate the transparency and comparability of nationally appropriate mitigation actions, New Zealand proposes a reporting template (see Annex A) We suggest that 'types' of actions are explicitly categorised according to a range of national circumstances and levels of development e.g. quantified targets, price-based measures, regulations, and other policies and measures.
19. In separate submissions we also propose new market mechanisms established under the Copenhagen Agreement for nationally appropriate mitigation actions and REDD, for those developing country Parties that wish to access carbon market finance. We elaborate on the structure of these mechanisms, and how they fit within the broader framework of emissions trading and other climate change actions.

Rationale

20. While the principles of the Convention remain valid over time, the circumstances of Parties and the scientific understanding of the problem of climate change are dynamic. As individual country circumstances change over time so too do capability and responsibility. All Parties' commitments under Article 4 of the Convention should be assessed periodically through reviews linked to the commitment periods under the Kyoto Protocol or any successor agreement.
21. For non-Annex I Parties who will be undertaking NAMAs, it will be useful to describe or categorise 'types' of actions according to a range of national

circumstances and levels of development e.g. quantified targets, price-based measures, regulations, and other policies and measures. This continuum of actions reflects different levels of capability. This principle also necessitates periodic review of a party's election of actions to assess appropriateness, as responsibilities and capabilities change according to development.

22. The NAMAs of developing countries must be measurable, reportable, and verifiable. Information on national and sectoral baseline emissions will be essential for enabling financial support, as envisaged by the Bali Action Plan. Article 12 of the Convention provides the basis for the information requirements for proposals put forward by developing countries for support. Proposals for support should estimate all incremental costs, the reductions of emissions and increments of removals of greenhouse gases, as well as estimate the consequent benefits.
23. The concept of measurable, reportable and verifiable actions is important for many reasons, including to:
 - facilitate assessment by the Subsidiary Body for Implementation of the overall aggregated effect of the steps taken by parties as envisaged by Article 10(2)(a) of the Convention;
 - facilitate assessment by the Conference of the Parties of the progress towards the ultimate objective of the Convention (Article 7(2)(e) of the Convention); and
 - facilitate the calculation of global emissions trends (Article 12(1)(c) of the Convention) relative to the agreed long-term global goal for emissions reductions (Bali Action Plan, paragraph 1(a)).
24. National communications (under Article 12 of the Framework Convention) are at the heart of the Convention process – providing the vehicle for all Parties to communicate progress with implementation of the Convention. Annual greenhouse gas inventories, at least covering the bulk of global emissions, now, up to and beyond 2012, will enable regular assessment of progress against the agreed long-term global goal. Once national greenhouse gas emissions and removals are better understood, and have been quantified and reported, mitigation opportunities are more readily identified. We do not envisage the same frequency and level of reporting for LDCs or other Parties with limited capacity.
25. Estimating the effectiveness of emissions reductions requires business-as-usual baseline projections, “with measures” projections and mitigation cost estimates. Annual national greenhouse gas inventories are an essential reference point for action and should be mandatory for all major emitting and advanced developing countries, and for where support is required from other Parties or is to be accessed through carbon markets.
26. Estimating business-as-usual emissions and estimating costs of actions to limit or reduce these emissions is a useful way to determine where cost-effective mitigation opportunities lie. Article 3(3) of the Framework Convention states that policies and measures to deal with climate change should be cost-effective so as to ensure global benefits at the lowest possible cost. The best starting point for this assessment is through national planning that identifies these opportunities. This is envisaged by Article 4(1)(b) of the Framework Convention where all parties are asked to formulate, implement, publish and regularly update national measures to mitigate climate change.

Concluding remarks

27. Accountability for the provision of support for NAMAs will require a business-as-usual reference scenario and quantified baseline for emission and removals to measure against, and an assessment of the opportunities and their associated costs. Governments, taxpayers and shareholders must have the full knowledge that their support is delivering real emissions reductions beyond what would occur otherwise.
28. Without a national greenhouse gas inventory, including the information above, the expected and actual results of the nationally appropriate mitigation are impossible to assess for the purpose of calculating “full incremental costs” in accordance with Article 4(3) of the Framework Convention. The proposed template thus aims to facilitate an appropriate level of support for NAMAs according to a Party’s national circumstances.
29. The text proposed below builds on Article 12 of the Convention. This could be used in a new legal instrument, as an amendment to the Convention or adapted to be used as a COP decision. Whichever option is used, a COP decision will also be required in order to detail the modalities around the use of the reporting template.

Proposed legal text: COP Decision or amendment text

“*Each Party*, except as specifically exempted by the COP for reasons of capacity, shall communicate to the Conference of the Parties, through the secretariat, the following elements of information:

(a) An annual national inventory of anthropogenic emissions by sources and removals by sinks of all greenhouse gases not controlled by the Montreal Protocol, using comparable methodologies to be promoted and agreed upon by the Conference of the Parties;

(b) A general description of steps taken or envisaged by the Party to implement the Convention; and

(c) Any other information that the Party considers relevant to the achievement of the objective of the Convention and suitable for inclusion in its communication, including material relevant for calculations of global emission trends.

Each Party shall incorporate in its communication the following elements of information:

(a) A detailed description of the policies and measures that it has adopted to implement its commitment under Article [4]; and

(b) A specific estimate of the effects that the policies and measures referred to in subparagraph (a) immediately above will have on anthropogenic emissions by its sources and removals by its sinks of greenhouse gases.”

Proposed legal text: COP Decision (*refer Annex A of this submission for guidance on the provision of information on measurable, reportable and verifiable nationally appropriate mitigation action by developing countries*)

“The Conference of the Parties,

Recalling Article 12 of the Convention,

Adopts the reporting template for nationally appropriate mitigation actions by developing countries as contained in the annex to the present decision;

[...]

Finance

Description

30. We propose to increase the number of countries with financial obligations under the Convention beyond the current Annex II list to the Framework Convention. Eligibility could be assessed periodically through reviews linked to the commitment periods under the Kyoto Protocol or any successor agreement, or according to an agreed mechanism, such as GDP per capita.
31. We seek to reaffirm that support for developing country Parties may come from a variety of sources, including other developing country Parties in a position to provide support, private sector sources, and through carbon market finance.

Rationale

32. While the principles of the Convention remain valid over time, circumstances, scientific understanding and technological capability evolve, and therefore so do Parties' capabilities and responsibilities. All Parties' commitments under Article 4 of the Convention should be assessed periodically through reviews linked to the commitment periods under the Kyoto Protocol or any successor agreement.
33. Noting that the various reports on financing requirements for mitigation, adaptation and technology conclude (albeit with large variances) that the levels of finance required is an order of magnitude greater than current levels, leveraging the private sector through carbon markets and/or other measures is essential to achieve the outcomes sought under the Bali Action Plan. New Zealand notes that effective financing requires action at multiple levels, including through redirecting private and public investment, the financial mechanism of the Convention, Official Development Assistance, national policies and proposed new financing options and carbon market mechanisms.
34. The legal text proposed below builds on Article 4 paragraph (2)(f) and Article 11 paragraph (5) of the Convention. The first set of text below would most appropriately be used as an amendment to the Convention so that the Annex I and II classifications applied consistently throughout the UNFCCC framework. However, it could also be used in a new legal instrument with the necessary changes.¹

¹ See for example the definition of “Party included in Annex I” in Article 1 of the Kyoto Protocol, whereby Parties which have made notifications under Article 4, paragraph 2(g) of the Convention are treated as Annex I Parties under the Kyoto Protocol despite not being Annex I Parties for the purposes of the Convention.

Proposal legal text: Amendment to the Convention

“The Conference of the Parties shall review, every [x] years, available information with a view to taking decisions regarding such amendments to the lists in Annexes I and II as may be appropriate, with the approval of the Party concerned. Such information shall include the gross domestic product per capita of all Parties, including as a comparison with the Parties listed in Annexes I and II.”

Proposed legal text

“The developed country Parties and other Parties in a position to do so may also provide and developing country Parties avail themselves of, financial resources related to the implementation of the Convention including through bilateral, regional and multilateral channels.”

Adaptation

Description

35. We use the outline provided by the co-chairs of the AWG-LCA contact group at its last meeting during the AWG-LCA 5 held in Bonn, Germany from 28 March – 8 April 2009. This should be read in conjunction with the section on finance above. New Zealand is not providing a complete proposal for what might be called a *UNFCCC Framework on Adaptation*, but we are highlighting items that should be included.

UNFCCC Framework on Adaptation

36. A COP decision on adaptation under the Bali Action Plan would incorporate the following in the **preamble**:

Proposed legal text: Preamble

Recalling the provisions of Article 4 paragraph 1 subparagraphs (b), (e), (f), (g), (h), (i), (j), Article 4 paragraph 4, Article 4 paragraph 8, Article 5, Article 6, Article 11 paragraph 5, and Article 12 paragraph 1 subparagraphs (b) and (c) of the Convention,

Bearing in mind that all countries are vulnerable to the impacts of climate change, and that developing country Parties, especially those listed in Article 4 paragraph 8, have specific needs and concerns arising from the adverse effects of climate change in the adaptation context,

Recognising the role of the Nairobi work programme on impacts, vulnerability and adaptation to climate change,

37. It is important for the *Framework on Adaptation* to be clear about the role of the Convention regarding adaptation. Given that adaptation to climate change is a country driven process, the Convention’s role is one of coordination and facilitation, and of catalysing activity e.g. by providing access to a range of tools and information sources including on availability of adaptation finance and

technologies. The Convention's role is **not** that of an implementing agency. Critically, a framework that addresses adaptation to the adverse effects of climate change is **not** a framework to address the impacts of response measures to climate change. This issue is more than adequately covered elsewhere in the negotiations and it does not belong in the *Framework on Adaptation*.

38. The following language would be incorporated in **General provisions** (Objectives, guiding principles² and Scope).

Proposed legal text

Decides that the operation of the Framework on Adaptation shall be guided by the following objectives:

- (a) To assist all Parties, in particular developing countries, including the least developed countries and small island developing States, to improve their understanding and assessment of impacts, vulnerability and adaptation, and to make informed decisions on practical adaptation actions and measures;
- (b) To create enabling environments through knowledge sharing, capacity building and the strengthening of regional centres of expertise; and
- (c) To facilitate and promote an integrated best practice approach to adaptation to the adverse effects of climate change;

Decides that the following guiding principles govern the Framework on Adaptation:

- (a) States have the primary responsibility for implementing measures to reduce climate change risk and to adapt to the adverse effects of climate change;
- (b) Climate change risk reduction and adaptation must be integrated into development activities;
- (c) Capacity-development is a central strategy for reducing climate change risk and adapting to climate change;
- (d) Effective climate change risk reduction and adaptation to climate change requires community participation. The involvement of communities in the design and implementation of activities helps to ensure that they are well tailored to the actual vulnerabilities and to the needs of the affected people;
- (e) Climate change risk reduction and adaptation responses need to be customized to particular settings;
- (f) Priority for adaptation actions through this Framework shall be given to the most vulnerable countries

Institutional arrangements

39. Institutional arrangements for adaptation should build on and enhance what already exists under the Convention (e.g. the Nairobi work programme), in

² These guiding principles draw heavily on the guiding principles in the UN International Strategy for Disaster Reduction (UNISDR) Words into Action: a Guide for Implementing the Hyogo Framework. Hyogo Framework for Action: Building resilience of nations and communities to disasters 2005 -2015 <http://www.unisdr.org/eng/hfa/docs/Words-into-action/Words-Into-Action.pdf>

existing regional centres, and in other international fora such as the UN International Strategy for Disaster Reduction (UNISDR) Hyogo Framework for Action. The *Framework on Adaptation* should avoid duplication of effort and institutions, and instead aim to increase coherency amongst them.

Means of implementation

40. New Zealand recognises that more resources will be needed to ensure the most vulnerable countries are able to reduce climate change risk and adapt to the adverse effects of climate change. Resources will by necessity need to continue to come from a range of sources, including existing centralised funds under the Convention and its Kyoto Protocol, as well as through bilateral, regional and other multilateral channels (as per Article 11 paragraph 5 of the Convention). Already accepted principles of mutual accountability and robust governance regarding funding for development should be incorporated into financing for adaptation to the adverse effects of climate change.

41. The following language would be incorporated under **Means of implementation**.

Proposed legal text

Affirms that Parties may provide financial resources for adaptation to the adverse effects of climate change through bilateral, regional and other multilateral channels;

Decides that widely accepted principles of mutual accountability and robust governance shall apply to mechanisms established under the Convention to deliver financial support to developing countries to assist them adapt to the adverse effects of climate change;

Implementation

42. The focus of this part of the *Framework on Adaptation* should be on creating enabling environments, building capacity and strengthening regional centres of expertise. It should be non-prescriptive, and should aim to strengthen mechanisms under the Convention to manage and reduce risk, and for adaptation planning (including integration into sectoral and national planning to make it more effective) while avoiding duplication of effort.

Monitoring and feedback

43. New Zealand believes there is a need for accountability in both directions where finance has been provided for adaptation (see “Means of implementation” above). This means that Parties who receive such financing must be accountable for how it is spent.

44. Feedback is also important in an environment that is encouraging “learning by doing” – we need to know what works well, and what doesn’t. Monitoring, feedback and evaluation will contribute to the understanding of what constitutes *best practice for adaptation*.

Annex A – COP Decision on a Template for Reporting Nationally Appropriate Mitigation Actions

Party	National Circumstances	Date of latest reported National GHG Inventory and Date of inventory review	Sector	Agreed projected business as usual emissions/removals	Nationally Appropriate Mitigation Action	Emission reduction or limitation	Emission budget	Agreed full incremental cost of achieving emission reduction or limitation	
Party A	GDP per capita GHG per capita Mitigation potential		Stationary Energy	XMT	List NAMAS according to: <ul style="list-style-type: none"> ▪ Quantified targets ▪ Price based measures ▪ Regulations ▪ Other policies and measures 	YMT	XMT – (YMT + ZMT)	a\$m	
						ZMT		b\$m	
			Mobile Energy						
			Agriculture						
			LULUCF						
			Industrial Processes						
			Solvents						
			Waste						
			Multiple sectors						
TOTAL				TOTAL Business As Usual Projection		UGT	TOTAL BUDGET	e\$m	

Annex A – Explanation of Reporting Template for Nationally Appropriate Mitigation Actions (by column)

Party

45. This column would name the developing country Party to the Protocol. It is envisaged that each developing country Party would have a separate national template, although flexibility would be shown to least developed countries in accordance with Article 4 paragraph 9 of the Convention as to whether they had a template and, if so, what it contained.

National Circumstances

46. This column would list issues relevant to a Party's national circumstances. Metrics such as Gross Domestic Product on a per capita basis and mitigation potential are relevant factors.

Date of latest reported National GHG Inventory and Date of inventory review

47. Self explanatory.

Sector

48. This column would list the different sectors in which a Party might have NAMAs. New Zealand considers that these sectors should reflect the sectors contained in national inventories to facilitate progress assessments, transparency and ease of reporting. All inventory sectors should be listed for each Party although in some cases, for example least developed countries, there may not be NAMA entries for each sector.

Agreed projected emissions/removals

49. This column would list the agreed projected emissions or removals for the commitment period. The commitment period would be specified in the body of the overarching agreement, and if a two-track approach is maintained, should be consistent with the commitment periods under the Kyoto Protocol.

50. Estimations of the impact of NAMAs require baseline projections as measurement and verification requires a reference point to measure against. Annual national greenhouse gas inventories are therefore essential and would be mandatory for all major emitting countries and advanced developing countries.

51. A COP decision would be required to determine the methodology for calculating projected emissions removals. It will be essential to have up to date and robust inventory information in order to determine these values.

Nationally Appropriate Mitigation Action

52. This column would list the nationally appropriate mitigation actions to be undertaken by the Party during the commitment period. These NAMAs must be measurable, reportable and verifiable, as specified in paragraph 1(b)(ii) of the Bali Action Plan. Development of NAMAs is also consistent with Article 4(1)(b) of the Framework Convention where all parties are asked to formulate, implement and regularly update national measures to mitigate climate change.

53. We suggest describing or categorising 'types' of actions according to a range of national circumstances and levels of development e.g. quantified targets, price based measures, regulations, and other policies and measures. This continuum of actions reflects the differentiated capabilities. This principle also necessitates periodic review of a party's election of actions to assess appropriateness, as capabilities change according to development.

Emission limitation or reduction

54. This column would list the amount of net emissions limitation or reduction that are expected to be achieved in the sector, relative to the business-as-usual projected emissions by carrying out the NAMAs listed in the previous column.

Emission budget

55. This column would contain the total amount of emissions expected from a Party if the NAMAs are achieved. These figures may be growth emission figures compared to the base year (but not to the business as usual projected emissions) in order to take into account economic development.

Agreed full incremental costs of implementing nationally appropriate mitigation action

56. Where a Party is seeking financial support, an agreed assessment of the incremental costs incurred by the NAMA will be required and this should be entered in this column. This is consistent with Article 12(4) of the Framework Convention which states that proposals put forward by developing countries for support should estimate all incremental costs of the reductions of emissions and increments of removals of greenhouse gases, as well as estimate the consequent benefits.

57. It is expected that some Parties will be able to self-finance a number of NAMAs. In such instances, no entry would be required in this column for that specific NAMA although Parties would remain free to make entries if preferred.

58. The finance requirements in this column will be met through both public and private sector sources, including in some instances self-financing by the Party in question or by other developing country Parties in a position to do so. For that reason, any figures in this column will not equate to the financing obligations of Parties.

59. To the extent that NAMAs are supported by external parties, as envisaged by the Bali Action Plan, information on these actions and national baseline greenhouse emissions will be an essential prerequisite to facilitate that support. Estimating costs of limiting or reducing these emissions is also a useful way to determine where opportunities lie. Article 3(3) of the Framework Convention speaks to the importance of identifying costs when it says that policies and measures to deal with climate change should be cost-effective so as to ensure global benefits at the lowest possible cost.