



Double function of accounting: International and national role?

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**Project: Accounting rules for the achievement of the mitigation
goals of non-Annex I countries**



Contents

1. Preparing for emissions accounting
2. What is accounting and why do we need it
3. Accounting principles and accounting rules
4. Building an accounting system

Implementation





Emissions accounting- Nothing new, but...

The world as it has been:

In the KP there is no such thing as a German sausage or a French baguette version of the tCO₂e (single reference, single metrics,...).

The world as it is:

There is a lot more diversity in terms of metrics, references, and even result; plus there is a common global goal

The world as it could be:

- i. Rules based: Common principles or even some common rules
- ii. Common system: Trustworthy, but great expenditures and reduced flexibility
- iii. Anything else



Transparency in iNDC submissions

Not a criterion of its own, but it has some advantages:

Main purpose:

- To understand the contribution:
Not only the international community, but also the country itself: *¿Am I saying what I really want to say?*
- To allow an aggregated assessment of iNDCs in terms of the $<2^{\circ}\text{C}$ goal; or to estimate the gap

Also helps:

- To exchange information over mitigation potential and feasible reductions
- To strengthen local implementation (planning instr.)
- To prioritize action and to understand the causes of climate change and effects of climate action (i.e., high local benefits)



iNDCs can start from many positions

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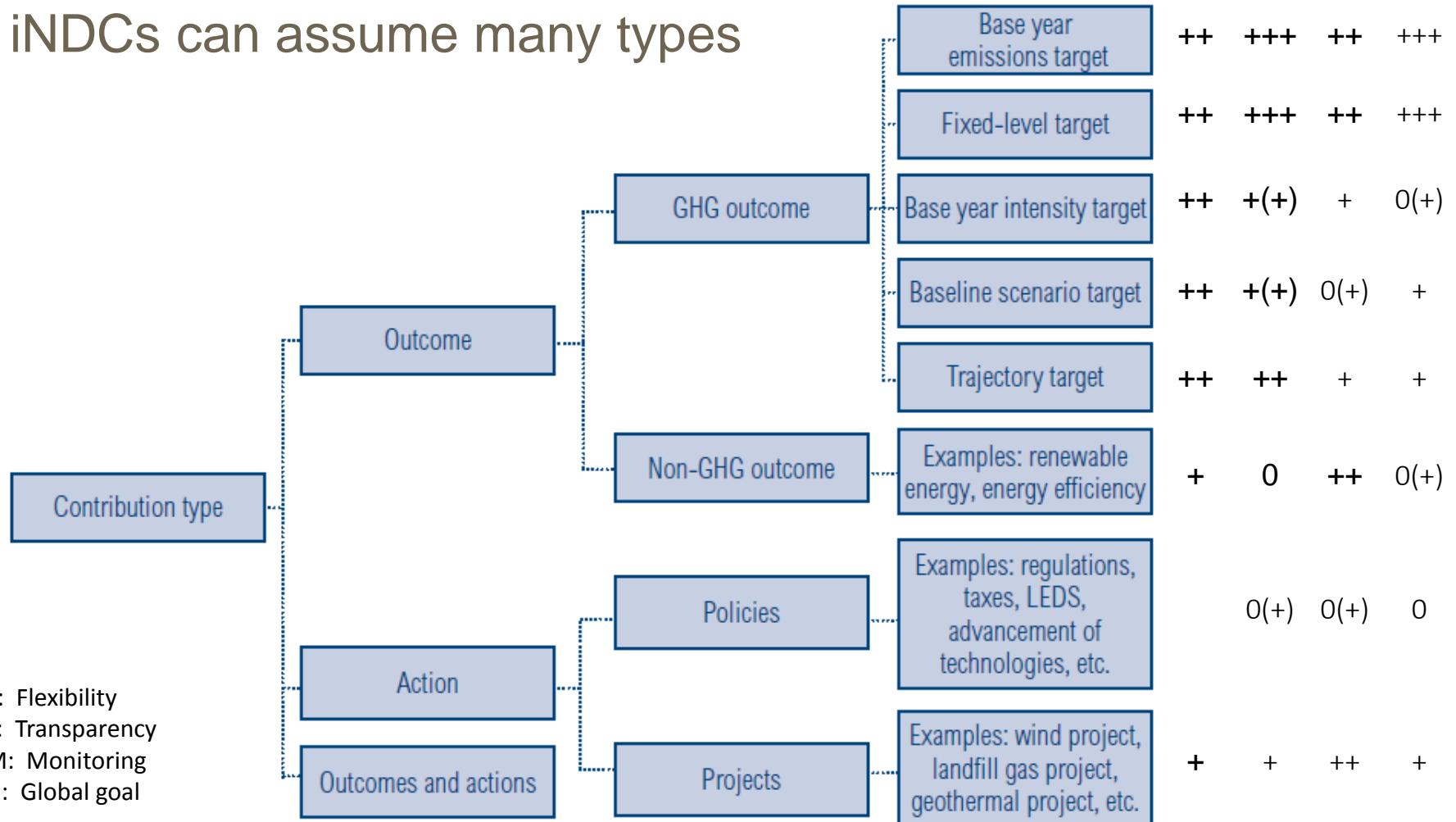
Available information-national	Available information – international
LEDS, TNA	MACCs
NAMAs, REDD+	Carbon market
Relevant policies	IPCC scenarios
GHG inventories, NatCom	“Mitigation potential” models
Private sector activity	Global goal < 2°C
(Scientific) forecasts	
Non-GEI information	
Statistics, science/ studies/ consultations, NC	CRED, CPEIR, IPCC, insurance companies
Support received, CPEIR, studies	

New information





iNDCs can assume many types



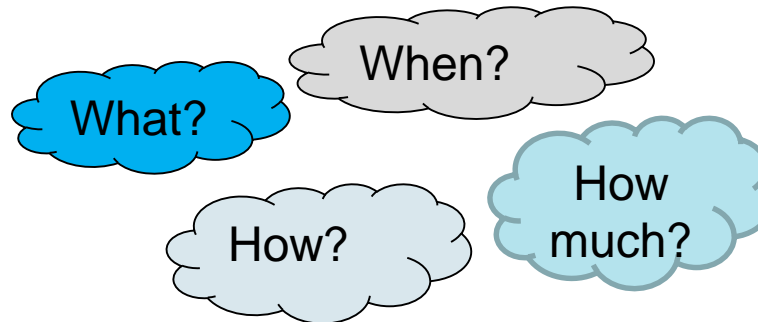
F: Flexibility
 T: Transparency
 M: Monitoring
 G: Global goal



Accounting of climate change goals

It principally is used in the context of climate change mitigation.

Accounting rules clarify:



National Reports

Reporting and review for Annex I Parties
Training for review of Annex I Parties
National Communications (Annex I)
Biennial Reports (Annex I)
National Communications (Non-Annex I)
GHG Inventories (Annex I)
National Adaptation Programmes of Action
Accounting, Reporting & Review under the Kyoto Protocol
Initial Reports under the Kyoto Protocol

¿Why is it important?

➤ *International level:* to keep track of the fulfillment of the commitment

Certain relevance even in the absence of a commitment:

➤ *International level:* Contribution to the global goal

➤ *National level:* i) To inform the public and in certain cases policy making;
ii) possibility to link with policy evaluation mechs. or other MRV components



New Global Agreement- Accounting

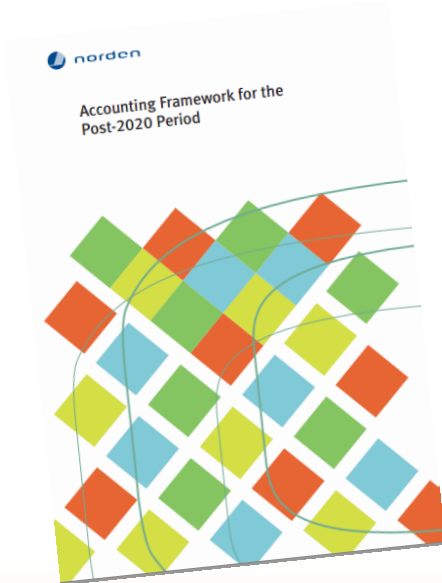
- Clear enough for year based goals and deviation from a reference year
- Lack of explicitness / decision over all other kinds for other goals (iNDC type): e.g., limits, baseline, consideration of interactions and uncertainty for policies

¿Is it necessary to have common rules for all the Parties?

UNFCCC: (ADP 2-9, 06/ 2015): Discussions about commitment period, increase of ambition level, accounting principles,...

Desirable:

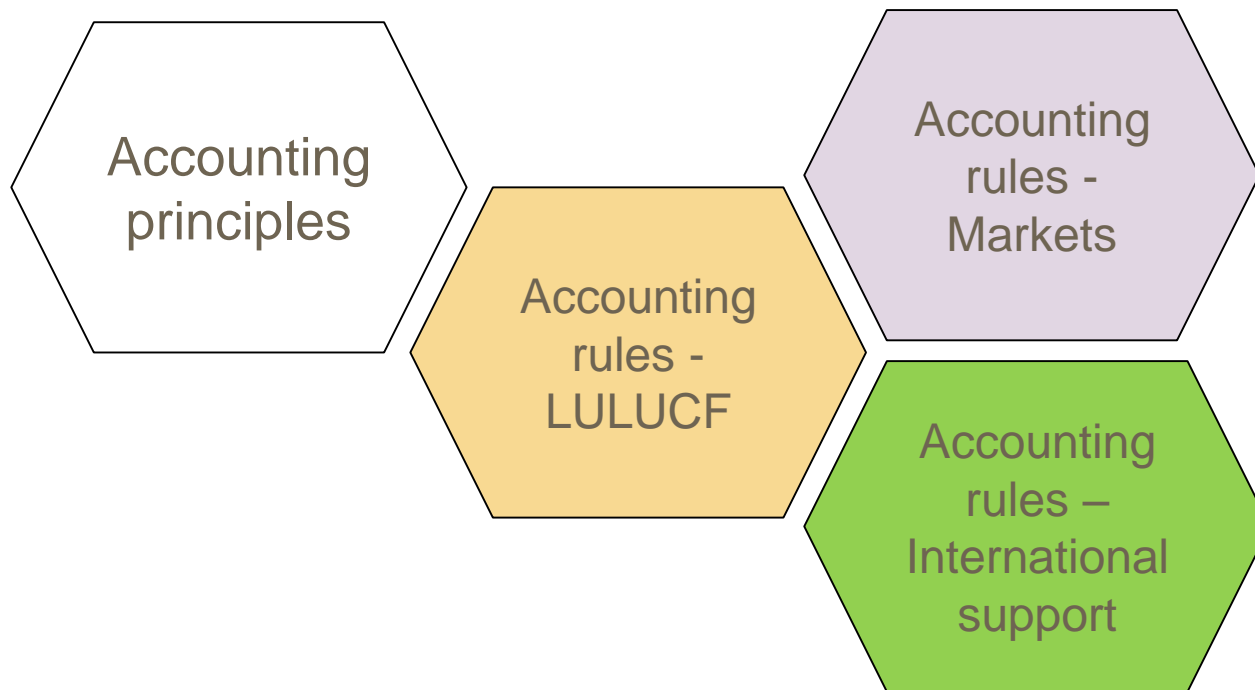
- Common metrics and inventory methodologies
- LULUCF principles (REDD+), markets and support
- Mandate to develop accounting rules under these principles
- Specific rules to specific kinds of NDCs





Elements of accounting in a nutshell

Mitigation



In adaptation it is more of the kind “evaluation”

M&E Adapt

BMZ Federal Ministry for Economic Cooperation and Development | giz

National Monitoring and Evaluation (M&E) of Climate Change Adaptation

Relevance of national M&E of adaptation

- which adaptation approaches work and which do not under which conditions and why
- evaluating the effectiveness and cost-benefit of the activities implemented in the field of climate change adaptation
- providing the basis for policy and program adjustments
- providing the basis for reporting and accountability
- providing the basis for learning and knowledge management
- providing the basis for identifying and addressing gaps and challenges
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Challenges and recent progress

- lack of sufficient capacity to build monitoring and evaluation systems
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The *What, When, and How* of accounting

¿What counts?

- What gases are included?
- What sources and emission sectors?

¿When does it count?

- Is it a goal for one target year or are there periodic goals?
- How are periodic achievements counted: as an average value or differently?

¿How does it count?

- Does the deviation from a reference point/ reference situation count? Which one?
- Does it imply support (technology, finance, capacity building)?
- Are carbon credits included?



Exemplary application to submitted iNDCs

¿How does it count?

¿What counts?

Gases	Country
7 GHGs	CAN, CHE, EU, ICE, NOR, NZL, RUS, USA, AUS, MON, JAP
+ other substances	MEX (black carbon)
6 GHGs (no NF ₃)	KOR, SGP, COL
CO ₂ , CH ₄ , N ₂ O	ETH, MAR, ALG, DJI, BEN, TT, KE, MH, DO, CG
CO ₂	CHN

Country	Intensity	Specifications
SGP	-36% CO ₂ e/GDP	- Base year (2005) and goal (2030) - GDP type, data source
CHN	-60% CO ₂ e/GDP	- Base year (2005) and goal - ¿GDP type, source, base?

Sector	Country
All (IPCC)	CAN, CHE, EU, ICE, NOR, NZL, RUS, USA, COL, AUS, KE, JAP
National definition	ETH, ALG, DO, CG, DJI, TT, MAR, KE, MH, MN
Undefined	CHN

GWP	Country
2 nd IPCC AR	DO, BEN, KE
4 th IPCC AR	ALG, AUS,...



Accounting Principles– Examples

For the implementation period:

- Apply the same rules
- Apply the same methodologies and data sources
- Control all significant sources and sinks
- Coherence: once a source has been included, it becomes part of the accounting system
- Real, additional, permanent and verifiable reductions
- Use common metrics by reference year and target year
- Define determinants of BAU assessment
- Accounting for financial support (CERs do not count,...)



Applying accounting principles- example

Clear or not? // Do I say what I wanted to say?

Mitigation goal: “Increase the renewable energy generation capacity to 50%”

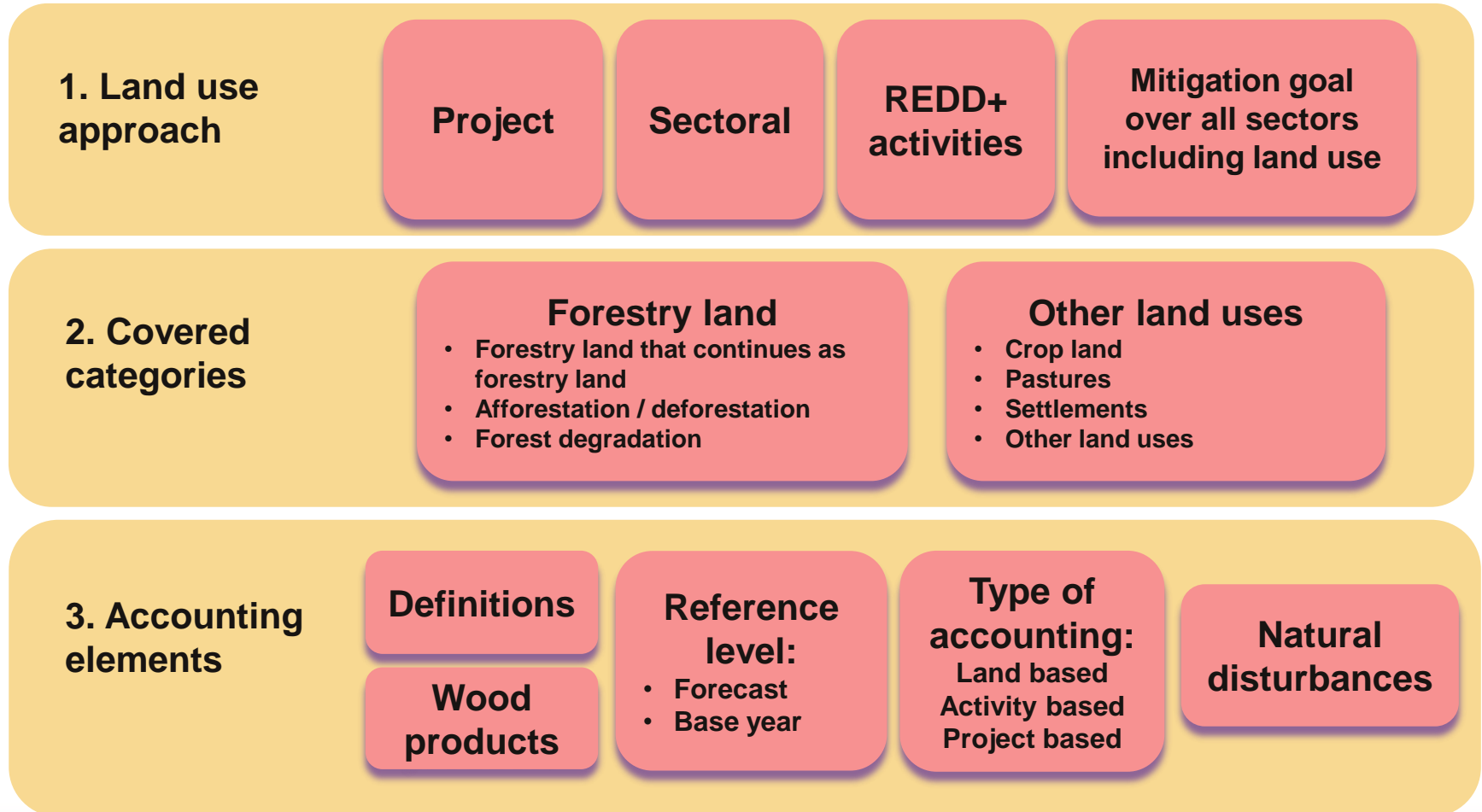
Net or gross; starting point and end point; definition of renewables; inclusion of CDMs

Mitigation goal: “Reduce deforestation to zero by 2030”

Zero refers to balance or total zero; defined on an area or a carbon basis; (forest definition: what is in-/excluded)



A. Rules for LULUCF– Example





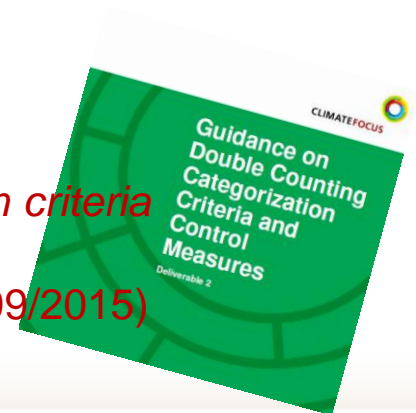
B. Rules for international support– Example

Financial support:

- Require a registry for received support
- Use clear definition of support dedicated to climate change
- Clear cut national from international support
- Identify the share of climate finance in mixed activities (e.g., NAMAs)
- Define rules for consideration of ‘leveraging effect’ (e.g., do not account for)
- Do not include CERs as financial support

 HINT: See study on “*Guidance on double counting categorization criteria and control measures*”

implemented by Climate Focus for RdC-project (release end of 09/2015)





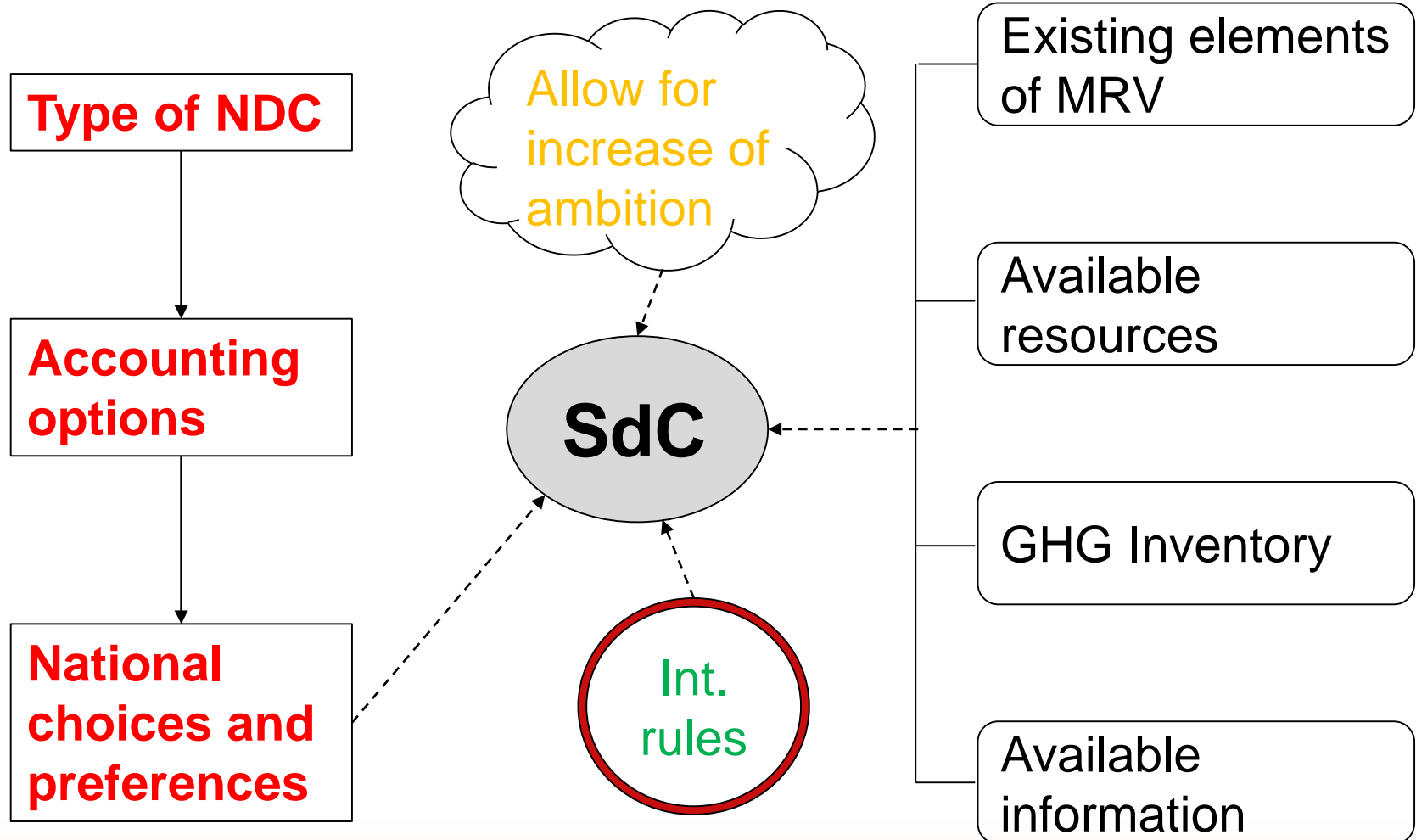
Project “Accounting rules for the achievement of mitigation goals of NAI-countries”

- BMUB financed. From 07/2014 – 07/2017. Countries: MEX, COL, and CRI
- Activities:
 - Exchange among stakeholders within countries, among countries and with other countries (AI and NAI)
 - Analyze the status quo/ the fundamentals in each country
 - Guiding documents with a special focus on LULUCF, markets, support
 - Electronic accounting tool (tailored to the countries´ needs)
 - Methodological input (e.g., accounting options)
- Cooperation *International Partnership for MRV and Mitigation* and many others
- Technical partner: Öko-Institut, Berlin





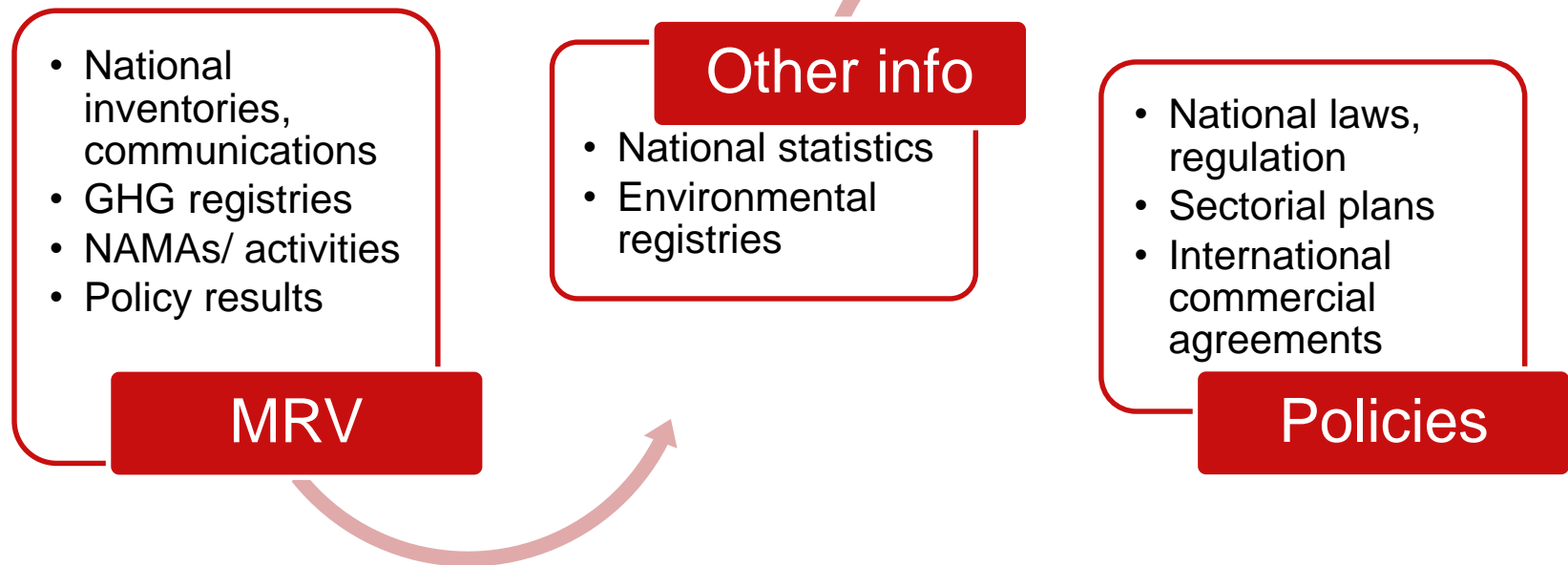
Building an accounting system: National level





Making NDC MRVable- Where to start?

1. Identify available information



2. What to look at?

Continuity of sources, institutions, data quality and flow, QA/QC, alternative sources, room for improvement, other indicators



Conclusions and upcoming challenges

- Accounting discussions will continue for a while due to the diversity of national targets and the absence of a one-fits-it-all solution
- Improvement of GHG inventories helps in any case
- Solution depends a lot on what you want- linking with other national MRV elements/ policy evaluation
- Improving data flow and data quality at national level is crucial; accounting options do exist- consider pros and cons thoroughly
- Develop sectorial/ activity based MRV jointly with accounting
- Promote creation of new data where appropriate: e.g., jointly with the help of academia/ universities (national, regional)
- Many challenges haven't even been tackled in AI-countries (especially accounting in the LULUCF sector)
- Allow for stepwise improvement



Thank you for your attention !

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