

# Tracking progress after Paris

*Ensuring that countries deliver on their pledges to reduce greenhouse gas emissions calls for transparent and robust international accounting rules – and some deft negotiation*

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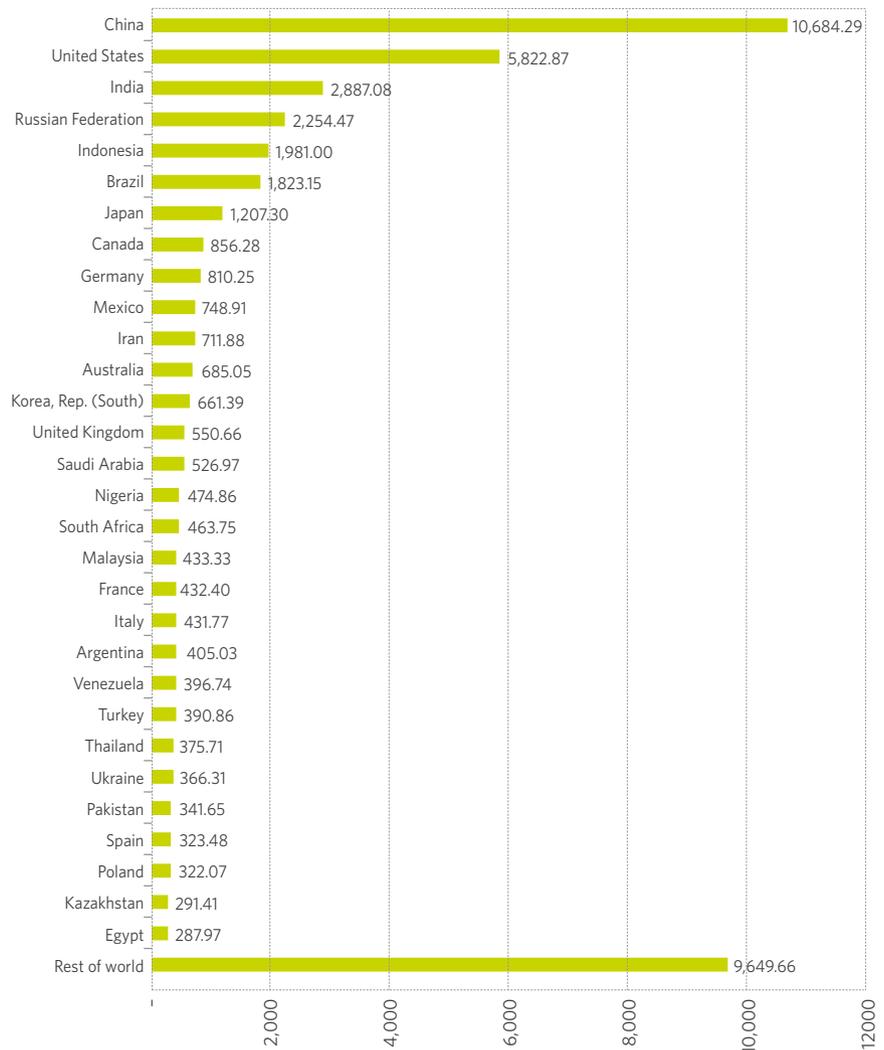
**A**fter the historic adoption of the Paris Agreement, parties are now negotiating the rules for its implementation. Over the next few years, numerous decisions on the various elements of the agreement have to be elaborated. They matter. International implementation rules will be critical for the success of the agreement: they could help achieve ambition and ensure environmental integrity – or create loopholes that undermine efforts to achieve the agreement's objectives.

Under the Paris Agreement, all countries are required to submit every five years nationally determined contributions (NDCs) that stipulate their actions to reduce greenhouse gas (GHG) emissions. Tracking and assessing how countries achieve their NDCs is a critical element of the agreement. Article 13 of the agreement establishes a 'transparency framework'. This framework could create the transparency necessary to understand what countries' NDCs actually mean, provide information as to whether countries are on track to achieve their NDCs, and ensure that a tonne of emission reductions pledged on paper also represents a tonne of reductions into the atmosphere.

## Formulating and understanding NDCs

Transparency starts with the formulation of NDCs. Under the Kyoto Protocol, emission-reduction targets were established as absolute, economy-wide emission budgets for specific GHGs and time periods. In contrast, the Paris Agreement does not prescribe the nature and scope of parties' NDCs. This resulted in highly diverse and sometimes unclear mitigation contributions,

**Total GHG emissions including land-use change and forestry – 2012 MtCO<sub>2</sub>e**



Source: WRI/CAIT

posing several challenges, including:

- **Single-year targets:** Many NDCs include only a target for 2030 and do not specify emission levels in the period up to 2030. For the climate system, however, it is the cumulative emissions that matter.

Single-year targets generate considerable uncertainty with regard to cumulative emissions. Their impact depends strongly on whether countries take action early on, or whether they delay emission reductions until 2030.

- **Business as usual (BAU) estimates:** Several countries pledged to lower their emissions relative to a BAU scenario for 2030. BAU emission scenarios are uncertain, due to their underlying assumptions on economic growth, technological progress or international fuel prices. Some countries appear to exaggerate their future emissions, rendering their targets less effective. Others have not yet specified their BAU emissions, leaving it uncertain what their targets mean.
- **Scope:** Some pledges do not cover the entire economy, do not cover all GHGs, and/or do not relate to GHG emissions. These range from broad targets for renewable energy deployment or energy efficiency improvements to specific policies or measures, such as the reduction of emissions from morning peak-hour vehicle use. Targets covering only part of the economy may leave emissions unabated and could complicate accounting rules. For specific policies and actions, it may be difficult to robustly quantify their GHG emissions impact.
- **How to account for emissions and removals from land:** This has considerable impact on emission-reductions targets. Many NDCs have not clearly specified accounting rules, raising uncertainty on the actual ambition of targets.
- **Conditional targets:** Many developing countries made pledges that are conditional upon support provided by industrialised countries. It is often not clear what type of, and how much, support would be needed to achieve the pledges.

Defining emission-reduction pledges in a transparent, consistent and comprehensive manner is important for both understanding what countries pledged and assessing their progress in achieving their pledges.

### Transparency of action

Article 13 of the Paris Agreement requires countries to report regularly on their GHG emissions and progress made in achieving their NDCs. Tracking progress will require taking into account the diversity of NDCs

and the capacities of developing countries. Countries may need to establish national systems that define and measure specific indicators that are relevant for the type of target, such as the capacity of renewable power installed or the energy consumption per gross domestic product. Tracking progress could also include the elaboration of emission projections, to understand whether countries are on or off track to achieving their target.

The information reported by countries will undergo an international technical expert review to assess the achievement of the emission-reduction pledges and consistency with internationally agreed rules. This process provides several essential functions and benefits: because the targets set out in the NDCs are not legally binding, a binding international review process could make the agreement more effective, by building up pressure for countries to meet their targets.

The international review process will also inform a regular global stocktake to assess the collective progress towards its long-term goals. Finally, it can enhance transparency, trust and accountability among parties, and help identify and share solutions, thereby encouraging further action by parties.<sup>1</sup>

### International carbon markets

Article 6 of the Paris Agreement allows countries to use international carbon markets to fulfil their emission-reduction pledges. International carbon-market instruments could reduce the overall costs for mitigation but, if poorly designed, could also lead to higher global GHG emissions.

To ensure carbon markets meet their objectives, three issues are particularly important:

- **Accounting for the vintage of transfers:** Robust accounting of international transfers requires considering the vintage of internationally transferred mitigation outcomes. If a country accounts for emission reductions achieved over several years in another country to meet its target in 2030, this could lead to higher cumulative global GHG emissions compared to achieving

the same target without international transfers.

- **Avoiding transfer of 'hot air':** The experience of joint implementation under the Kyoto Protocol shows that the international transfer of surplus carbon market units from countries with targets above their BAU emissions can undermine global mitigation action.<sup>2</sup> Some NDCs are not ambitious and possibly even above the countries' BAU emissions,<sup>3</sup> involving the risk that international transfers from these countries could lead to higher global GHG emissions.
- **Avoiding double counting:** The Paris Agreement requires countries to ensure that double counting of emission reductions between two countries is avoided. Avoiding double counting requires robust accounting and tracking of the issuance, transfer and use of carbon market units.

### Looking ahead

With the entry into force of the Paris Agreement likely to be earlier than anticipated, developing robust international rules in a timely manner is crucial to ensure the effectiveness and integrity of the agreement. In the negotiations ahead, an important cross-cutting – and controversial – issue will be what and how much international oversight is required and which aspects can be left to the discretion of parties implementing the agreement. Robust rules will require reconciling the large diversity in NDCs and country contexts, capacities and interests with the need for transparency, consistency, comparability and integrity at international level. ●

- 1 Van Asselt et al. "Maximizing the potential of the Paris Agreement: Effective review in a hybrid regime." Stockholm Environment Institute Discussion Brief, 2016. [www.sei-international.org/publications?pid=2992](http://www.sei-international.org/publications?pid=2992)
- 2 Kollmuss et al. "Has Joint Implementation reduced GHG emissions? Lessons learned for the design of carbon market mechanisms." Stockholm Environment Institute Working Paper, 2015. [www.sei-international.org/publications?pid=2803](http://www.sei-international.org/publications?pid=2803)
- 3 See, for example: <http://climateactiontracker.org> and [www.climate-energy-college.net/indc-factsheets/](http://www.climate-energy-college.net/indc-factsheets/)