

Environmental Integrity Group (EIG), comprising Liechtenstein, Mexico, Monaco, the Republic of Korea, and Switzerland

EIG's views on modalities, procedures and guidelines for the transparency framework for action and support

APA Agenda Item 5

The EIG is pleased to submit its views on APA Item 5, "*Modalities, procedures and guidelines for the transparency framework for action and support referred to in Article 13 of the Paris Agreement*".

1. General remarks:

In Paris, Parties have established an enhanced transparency framework for action and support with built-in flexibility, which takes into account Parties' different capacities and builds upon collective experiences. The EIG is of the view that this is a major success of the Paris agreement. The future climate change regime established by the Paris agreement allows Parties to nationally determine their mitigation contributions. This approach fosters broad participation, which has been well demonstrated by the fact that almost all Parties submitted an intended nationally determined contribution (INDC) in the run-up to Paris. However, to facilitate global participation the system allowed Parties to communicate their mitigation contributions in different ways. Therefore, the enhanced transparency framework needs to enable not only the participation of all Parties, but also assure the robustness of the system to deliver the necessary information to understand the individual contributions and allowing to assess the global progress towards the long-term goals of the Paris agreement. Furthermore, the enhanced transparency framework must deliver information of Parties on adaptation strategies and planning as well as provide the information on means of implementation provided and received.

The EIG believes that an enhanced transparency framework and its robust operationalization are essential for several reasons, inter alia:

- It creates trust: we all have to understand what other Parties are contributing and need to know if they are doing what they announced to do. To know and understand other Parties efforts gives us the confidence that our own endeavours are part of a collective effort to combat climate change.
- It is the basis for assessing the collective progress: in order to collectively assess the global progress towards the long-term goals, reliable and comparable information is essential. This is reflected in the purpose of the transparency framework to inform the global stocktake (Arts. 13.5 and 13.6 of the Paris agreement).
- It serves domestic purposes: building up a national system to regularly report and review information due for submission to the UNFCCC supports the estimation of mitigation potentials at the domestic level and delivers important feedback to Parties about the effectiveness of their policies and measures. This can then inform the process of formulating new policies and contributions.
- It can raise ambition: the understanding of and confidence in other Parties' contributions can allow a Party to raise the ambition of its own contributions.
- It can increase the effectiveness of support: a clear understanding of Parties' contributions, their policies and measures as well as possible challenges and gaps can enable more targeted support for climate change actions.

2. Guiding principles:

The enhanced transparency framework shall serve the purposes as set by Art. 13 paragraph 5 and 6. Accordingly, it must allow for a clear understanding of climate action including individual mitigation contributions and information on the progress towards reaching them (as reflected, i.a., in emissions inventories and projections) as well as provide clarity on support provided and received. In addition, it has to enable an assessment of the collective progress towards the long-term goals of the Paris agreement. The new common modalities, procedures and guidelines (MPGs) for the enhanced transparency framework will be the guidance to Parties for providing the information necessary to understand climate action and support and will be comprehensive covering mitigation, adaptation and means of implementation/support.

Transparent, accurate, complete, consistent and comparable:

A robust framework needs to promote transparency, accuracy, completeness, consistency and comparability. We welcome the opportunity to share some (non-exhaustive) ideas on how these important principles guiding the development of the future MPGs could be operationalized:

- *Transparency*: use of standardized reporting formats and other systematic documentation of sources, assumptions and methodologies.
- *Accuracy*: use of common guidance and methodologies; use of quality control/quality assurance as well as uncertainty assessments.
- *Completeness*: presentation of all key sectors, gases and categories in national inventory reports (NIR) covered by the respective guidance; declaration of geographical coverage of data/activities/policies reported on.
- *Consistency*: methodological consistency between the communication and the reporting on progress made towards achieving NDCs (see 1/CP.21, paragraph 94b); use of the same methodologies and consistent data sets over time for the national inventory report (NIR); use of the same definitions of support over time.
- *Comparability*: use of metrics and methodologies as well as standardized reporting formats agreed by the CMA; reporting at the level of detail as agreed by the CMA.

Feasible, efficient & flexible:

The enhanced framework needs to be not only robust, but also feasible in terms of resources and capacities required to regularly report and undergo review for it to be applicable to all. Therefore, Parties acknowledged the need to avoid duplications as well as undue burden on Parties and the Secretariat. This means there needs to be a balance or correspondence between the degree of completeness and accuracy of information requested from Parties and its relevance for the assessment of the overall implementation of the Paris agreement.

Regular and robust reporting requires capacities for data collection, processing, analysis and presentation. However, these capacities differ between Parties. To acknowledge these different starting points, Parties agreed to develop a transparency framework with built-in flexibility for those developing countries that need it in the light of their capacities and to establish a Capacity-building Initiative for Transparency to facilitate meeting of the enhanced transparency requirements for developing country Parties requesting support. Flexibility in the common MPGs allows Parties to participate in the context of their capacities. Financial and capacity-building support for transparency that will be provided should make sure it is targeted to where needs are greatest and more robust information needed, bearing in mind that, in line with progressing domestic capacities, support needs should diminish over time.

The new MPGs must be comprehensive in scope and detail in order to be applicable by all Parties with various levels of capacities and to make sure Parties are maintaining the frequency and quality of reporting in accordance with their respective obligations under the Convention. They should give a direction of travel for the overall improvement of the level of transparency by deploying the full picture of reporting and review provisions needed to fulfil the purposes. This allows Parties to move towards more robust reporting over time even though not departing from the same starting point. Further, the

new MPGs shall recognize the special circumstances of LDCs and SIDS by encouraging them to apply the provisions to the extent possible.

Experience-driven:

Parties to the Convention have longstanding experiences with reporting and review. Parties are not starting from scratch, which is why developing the enhanced transparency framework does not mean reinventing the wheel. Experiences gained through the regular submission of reports and participation in review processes are essential to draw upon when developing the common MPGs. Requirements under the biennial reporting framework allowed Parties to increase their capacities over time. The existing guidance has positively affected Parties in organizing themselves for the reporting, building and sustaining their domestic reporting capacity while contributing to transparent information sharing. The biennial verification processes (ICA and IAR) have also proven to be very useful processes in determining gaps and uncertainties in the current system. They enabled an exchange among Parties on experiences gained and lessons learned and provided a platform for the sharing of good-practice examples. The two processes have also shown that more clarity in guidelines can facilitate reporting and that Parties' ability to report and to undergo review increases over time through the step-wise institutionalization of reporting and review capacities. The new framework therefore has to take into account these experiences by feedbacks from Parties (e.g. through MA and FSV) but also suggestions by review experts through the technical review.

3. Reporting information:

The EIG is of the view that all Parties shall biennially report the following. We provide examples of possible areas where flexibility could be provided within the common MPGs for those developing countries that need it in light of their capacities:

- National inventory report including standard inventory tables with common metrics and methodologies
 - o *Possible areas of flexibility:* sub-sectoral level information only for key sectors that are to be defined through a percentage threshold; minimum coverage of gases to encompass CO₂, N₂O and CH₄ only; reporting on other gases if a certain percentage of the Parties' emissions total and/or a previously defined threshold is exceeded.
- Standardized description of institutional arrangements for measurement, reporting and verification and provision of a plan on how potential gaps and challenges will be tackled and improved over time
- Description of nationally determined contribution (NDC)¹
- Information on the progress in achieving the NDC including on emissions and removals from LULUCF and the use of market mechanisms
- (Update of) Standardized minimum documentation of mitigation measures for all sectors including their effects OR (update of) mitigation potential assessment for sectors with no significant measures implemented
 - o *Possible areas of flexibility:* focus on key sectors to the extent possible; quantitative estimates of effects of all measures of a sector instead of individual measures level
- (Update of) Emissions projection scenarios to the extent possible (without, with existing and with additional measures)
 - o *Possible areas of flexibility:* scenario without measures (WOM) for those Parties with a target relative to a business-as-usual scenario (BAU); projection with additional measures (WAM) to the extent possible

¹ Information needed to facilitate clarity, transparency and understanding of NDCs will be developed under the APA work programme established by 1/CP.21, paragraph 27.

- Standardized information on finance provided and received, including the use, impact and estimated results thereof
 - o *Possible areas of flexibility*: level of aggregation/detail of information provided (e.g. sectoral); impact and results assessment

(An update of) Information on adaptation plans and strategies OR vulnerability assessments, including the possibility to generate regional strategies and assessments as appropriate, as well as monitor and evaluation (M&E) methods and tools applied should be provided in every second report under the enhanced transparency framework.

- o *Possible areas of flexibility*: information provided limited to priority areas of national concern and focus on specific needs to improve the understanding of vulnerability, climate change impacts and adaptation options

The reporting guidelines might also need to take into account the different types of NDCs that Parties submit.

4. Verification:

A major challenge for the future transparency framework is the verification process. For logistical reasons, a comprehensive and detailed technical review of a large number of reports is difficult to manage every two years. An efficient process that is feasible for both Parties and the Secretariat will therefore require increased standardization that allows for a coordinated, harmonized and integrated verification of the information provided. The technical review is the first phase of the verification process and shall check the conformity of the information reported with the respective MPGs. For those developing country Parties that need it in the light of their capacities it shall also help to identify capacity-building needs because identifying and addressing capacity limitations is an important element of the new MPGs. This can help to follow up on Parties' improvements in building and institutionalizing their reporting capacities. Following the technical review through technical review experts, a facilitative multilateral consideration process shall be conducted to focus on the progress of Parties in their efforts under Article 9 and their NDC. This consideration can foster the exchange among Parties on success stories and challenges faced, lessons learned and shall enhance the mutual understanding of Parties' climate change actions and support.

The current review system must be brought in line with the enhanced reporting regime. To allow the verification process to be feasible and to avoid undue burden to the Secretariat and to Parties, the information Parties report will need to be more standardized and the review procedure adapted to these standardized formats. One possibility to deal with the increased amount of reports to review under the enhanced framework could be to alternate between rather light and more in-depth technical reviews of Party reports. The light review could encompass an initial check by the Secretariat followed by a synthesis and assessment by an expert desk review and result in recommendations to Parties. The in-depth review could be a more detailed and thorough centralized/in-country review including a follow-up on the recommendations made in the previous review. In addition, the level of detail of the in-depth review could take into account the amount of emissions, a procedure that already exists under the current transparency framework.

5. Way forward:

Parties agreed to complete work under this work programme by 2018. However, developing new modalities, procedures and guidelines for the enhanced transparency framework for action and support requires enough time. The EIG is of the view that technical work on the MPGs has to start swiftly at COP-22 in Marrakech. In order to allow focussed negotiations, we propose to start with discussions on the reporting modalities and guidelines. In order to ensure the consistency and comprehensiveness of the guidelines, a separate APA informal consultation on transparency is essential. In addition, time-bound informal consultations targeted at transparency of mitigation, adaptation and means of implementation should make sure the respective experts are in the room at the relevant point in time.

The EIG stands fully committed to the operationalization of an enhanced transparency framework that makes sure the guidance has the detail and robustness needed while at the same time acknowledging different capacities and starting points of countries.