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Durban Platform: Addressing 'transparency' of action and support

Kuala Lumpur, 24 March (Hilary Chiew and Meena Raman) – UNFCCC Parties discussed how to address the transparency of action and support in the 2015 agreement under the Ad Hoc Working Group on the Durban Platform for Enhanced Action (ADP).

Many countries expressed the view that the existing arrangements under the UNFCCC on measuring, reporting and verification (MRV) of mitigation actions need to be built on, while learning from its lessons. Developing countries stressed the importance of financial support for enabling their actions and for this to be MRV-ed. In addition, they emphasised the need to focus on the development of the MRV of finance, technology transfer and capacity building.

While many developing countries stressed the need for differentiation in the transparency of actions between them and developed countries, the latter called for a common framework and accounting rules in relation to mitigation actions which are applicable to all Parties.

The discussions took place during the open-ended consultations of the ADP held on 12th, 13th and 14th March in Bonn, Germany, on the issue of ' transparency of actions and support'.

Nauru speaking on behalf of the **Alliance of Small Island States (AOSIS)** said transparency of actions and support is the key point of a legally-binding agreement. It would help in building trust among Parties and to understand how Parties are performing in their commitments. It also enables tracking the aggregate progress Parties are making in terms of emissions reductions taking place at the national and global levels in relation to the collective goal of holding warming to 1.5°C. It encouraged focus on the provision of information as what the atmosphere sees needs clarity.

Malawi for the **Least Developed Countries (LDCs)** believed that the agreement should allow for regular peer and technical review to ensure transparency. With regards to developed countries who are Parties to the Kyoto Protocol (KP), the report and review should not be less stringent and that similar robust reporting should be applied to those developed countries that are not Parties to the KP. The MRV regime in the new agreement should not undermine the existing one.

It stressed that further support is needed for LDCs and other developing countries so that they are able to meet higher standards for reporting. It said there should be a clear definition of what would be new and additional climate finance in relation to the transparency and MRV of support. There should also be mechanisms to ensure reliable emission reductions and environmental integrity that will be subject to international regulation and oversight. It said a compliance regime is needed to better track commitments including that of support.

Chile speaking for **the Independent Alliance of Latin America and Caribbean (AILAC)** said the new agreement can build on existing transparency arrangements and rules on accounting. It called for ex ante clarity with specific rules that apply to nationally determined contributions (NDCs) and for sources of support.

The Philippines said there is need to build on existing transparency mechanisms. There needs to be time to operationalise them fully and then to have them enhanced. The mechanisms in place involve difficult processes for developing countries, from national communications to additional new responsibilities. What was worrisome is the approach of having ex post financing rather than ex ante. For example, identifying a nationally appropriate mitigation action (NAMA) alone will already involve upfront costs for a developing country. Developing countries will therefore have to come up with their own resources to develop such NAMAs.

It stressed that the objective of transparency of actions is not for making Parties accountable, but rather is for countries to address climate change. Why transparency in reporting is required is to gauge if Parties are targeting the climate problem.

In transparency mechanisms, national communications (NCs) are basic. The 'R' of MRV is reporting. The Annex 1 Parties' review of their NCs is further defined in the Convention and has the requirement for comparable methodologies. For developing countries, the Intergovernmental Panel on Climate Change's (IPCC) methodologies do not work. In addition, the reporting obligations of developing countries require payment of the agreed full costs. There is a long history of experience that can be built upon. On the timelines, Philippines said that for NCs for developing countries, the LDCs have their own timelines as their capacities develop but for a great majority, the NCs are done when the financial resources are approved. There is need to build capacity for the review of NCs.

The Philippines said that there are existing useful mechanisms for transparency, such as Biennial Reports for Annex 1 Parties and International Assessment and Review (IAR). For developing countries, there are the Biennial Update Reports (BURs), which require technologies and human resources for greenhouse gases (GHG) inventories. There is therefore need for human and financial resources. This is also the case for doing vulnerability assessments as technology is needed for predictability. International Consultations and Analysis (ICAs) for developing countries and IAR have not been done yet. There is need for time to learn the lessons of these processes.

On financing, it added that it has to be needs based for developing countries, which is ex ante rather than ex post. These are issues that need to be addressed for the agreement. The Standing Committee on Finance is developing the MRV guidelines for support.

China said the fundamental purpose of improving transparency is to confirm that every Party is fulfilling its obligation under the Convention. All Parties should enhance the implementation of Articles 4.1(a), 4.1(j) and 12.1 of the Convention after 2020. Developed country Parties should take the lead on the improvement of transparency on their commitments to reducing GHGs and providing the support to developing countries.

It noted that after years of negotiation and practice, Parties have established the MRV framework under the Convention and the KP, including those outcomes from the Bali Action Plan and these could be the basis for future work on transparency. Parties must implement these effectively, instead of expecting to establish a brand new transparency framework.

It said the way to enhance transparency must be in accordance with the contents of contribution that Parties will undertake. The contents of the contribution by Parties should include adaptation, mitigation, financial support provided or received, technology transfer and capacity building provided or received; thus the enhancement of transparency must also include all these elements. As the type of contribution differs between developed and developing country Parties, the way to enhance transparency will also have different requirements. To enhance the transparency of action and support, it believed that:

- Developed countries must enhance the MRV, including ex-ante information reporting and ex-post information reporting and verification. Common reporting template, especially as established for the Biennial Reports provides a basis. Developed countries should provide information according to concrete and uniform requirement, instead of picking and choosing information items within the template. The latter approach would reduce the quality of information, increase ambiguity, result in incomparability of efforts, and produce problems of accounting. The ex ante information on the financial, technological and capacity building support, with common template, is what developed countries have not provided; thus this must be enhanced under the ADP;

- Developed countries must enhance the implementation of the existing MRV framework and future requirements. To wait and see how others will act is not helpful to build confidence, and is also against the obligations under the Convention to take the lead on mitigation, provide information and provide support to developing countries;

- The way that developing countries are going to enhance transparency will take into account their national circumstances and capabilities. They will report relative information in their NCs and BUR, (NAMA) registry and ICA in a manner that is non-intrusive, non-punitive and respects national sovereignty;

- It is crucial for the developing countries to receive financial, technological and capacity building support, both for their contributions and for the preparation of relative information, and for their efforts to enhance transparency. Without a clear roadmap of support they cannot prepare for their contributions and thus cannot provide relative information;

- The actions and information related to adaptation, financial, technological and capacity building support, and response measures are also part of Parties' contribution, and thus will be the important elements for transparency.

Brazil said there were important developments the last few years on transparency under the Convention such as in NCs, BURs, IAR, ICA. The new agreement must not be used as a backdoor to reopen these negotiations as this would undermine confidence in the process. The outcomes of the Bali Action Plan should be anchored in the new agreement.

It said that transparency is an overarching concept that applies not only to mitigation, but to all aspects of the agreement and the NDCs. On transparency of support, there is need for a common understanding on what is recognized as climate finance and its sources and to clarify how much is coming from public and private sources. It was concerned with the increased "labelling" as climate finance of commitments that were made outside the Convention and under other regimes which can be double and triple counting of the finance provided. This compromises the additionality and adequacy of support for climate change and draws away from ODA (overseas development assistance).

St. Lucia was of the view that the agreement should embed the process for the UNFCCC's Conference of Parties (COP) to assess where Parties are with regard to the long term goal to limit temperature below 1.5°C. It should recognise the importance of MRV and accounting. It should enhance review of Parties' inventories of GHG. There should be an assurance that all developed countries will report annually and that reporting of the inventories is made with expert review teams to ensure consistency and capability. It should also ensure that the quality of developing country inventories improves over time. It called for a common accounting system for all mitigation commitments to ensure that they are comparable and that the aggregate efforts can be assessed. It added that the accounting system must not allow Parties to pick and choose (what information to reveal) particularly if market-based mechanisms are contemplated.

Consequences for non-compliance should also be a part of the agreement. The compliance system of the KP has been useful in ensuring consistency and transparency, and financial support should be given to the facilitation branch of the KP.

South Africa said ex ante and ex post transparency is needed to build trust. There needs to be a distinction of transparency between the minimum information for the contributions; the process for ex ante assessment of the adequacy and fairness of the contributions; and ex post implementation as well as ex post review of implementation in relation to all elements including mitigation. It said that an MRV system is a costly endeavour. The principle of common but differentiated responsibilities and respective capabilities (CBDR-RC) must be applied both in terms of differentiated commitments of MRV and of support to developing countries.

It said that to ensure transparency and credibility, there is need for minimum information for the full spectrum of intended NDCs and which must serve the purpose of enabling the understanding of the NDCs as well as to ensure adequacy and fairness in the context of demonstrating CBDR-RC and equity. If Parties' intended NDCs are merely inscribed in the new agreement without multilateral assessment, we would end up with a bottom-up regime without the consideration of science and fairness. Hence, the need for an ex ante assessment of the intended NDCs.

It added that ex ante assessment is a new idea to address the ambition gap in terms of science and fairness. On mitigation and finance commitments of developed countries, historical responsibility and the needs of developing countries must be taken into account. A transparent process is needed. The process for ex ante assessment should allow for scrutiny by peer review in a non-intrusive and non-prescriptive manner. Each Party will have to communicate in an agreed format of their NDCs. It needs to allow for an understanding of national and collective efforts. This process for ex ante assessment needs to be part of the 2015 agreement and be in place prior to the final inscription by Parties of their contributions. It said that 2016 should be the year of transparency and assessment of the contributions.

The ex post MRV system can be refined and improved from the existing arrangements, said South Africa. The best science should inform this. The MRV rules for the means of implementation also need to be developed. It emphasised that the process for ensuring transparency is just as important as the element itself and Parties should be able to adjust their contributions upwards and to close the loopholes.

Saudi Arabia said looking back, it realised that a lot has been already put in place in relation to transparency and are being implemented right now. To build a new transparent system during this period will be quite difficult since Parties could not even agree on what contributions means (referring to NDCs). It suggested building on what is there, such as the NCs, BRs, and BURs. It said focus needs to be on areas which have not had attention before as regards transparency such as finance, technology transfer and capacity building, before moving forward further.

Bangladesh said a common template or matrix can be utilised to capture transparency of actions and support and that the existing framework can play a significant role. It is time to test the IAR and ICA and feed them into the ADP process in a rules-based system.

Turkey said a comprehensive transparency and accounting framework for contributions and ex post reporting is essential to enable Parties to evaluate if it they are fair and help in assessing ambition. The agreement should take into consideration targets and periods, methodologies, sectors and market mechanisms. It wanted the framework to have a degree of flexibility to avoid applying the same rules to all Parties as rigid application will delay progress. It said that international financial flow must increase substantially and there has to be transparency about the financial contributions, adding that differentiated rules for providers and recipients are essential.

The **European Union** said a rules based regime is crucial in the new agreement. Transparency of communication is important but not enough. It said that existing reports from countries shows considerable double counting and referred to the Clean Development Mechanism (CDM) where both the country of the CDM project (in developing countries) and the one paying (developed countries) for the certified emission reduction units are accounting for it. In a rules based regime, MRV, accounting rules for mitigation and compliance are needed to hold countries accountable. It said the existing the MRV system can be built on. Guidance should be provided on how to develop the system further which is applicable to all. It called for common IPCC methodologies; the streamlining of MRV arrangements; which information is needed for the different types of commitments derived from NDCs and the information should cover all types of commitments.

In relation to accounting rules, it said there were three areas: rules related to definition and implementation of contributions and how the aggregate effort is met; rules to use carbon markets; the KP markets and EU Emissions Trading cannot function without clear rules for trust in the markets and to avoid double counting and rules related to the land sector. Upfront information is needed and the rules can be built upon that. It was important to agree on the requirements for the upfront information which will accompany the mitigation contributions. Parties must be able to explain why their mitigation offer is fair including elaborating their national circumstances, emission trends, mitigation potential, sectors etc. and this is needed by the first half of 2015.

In relation to the transparency of support, the EU said this must extend to both within and outside the Convention and that the ADP must not duplicate on-going work. It wanted harmonisation of data for a robust MRV framework for climate finance which should also include private finance and South-South flows of finance.

Norway said that transparency is fundamental in a legally-binding agreement as it would build trust; ensure that the agreement is working and Parties are delivering as an international community. For mitigation, the added value of the agreement is to have one common system although Parties can have different kind of commitments. The scope of reporting must therefore be flexible to allow reporting of progress according to the types of commitment but needs to be sure to track progress and hold countries accountable.

It outlined three key aspects: a common reporting system based on consistency and comparability and can build on current arrangements; accommodate national circumstances yet ensures environmental integrity; and a common system of review. In relation to accounting for mitigation, it wanted common rules to ensure that a tonne of CO2 equivalent emitted is reported as a tonne; a common framework to account for emissions and removal in the forest and land-use sector as all GHGs should be treated as equally as possible based on international standards while being flexible; and rules for market-based mechanism to avoid double-counting.

In terms of the MRV of support, it pointed out that there are the NCs, BRs, BURs and review processes for these reports and the enhancement of the MRV system will be ready next year. It said developed countries will provide BRs on the delivery of support and urged all Parties in a position to contribute to do so. It was confident that the existing MRV system will improve with experience and knowledge. In relation to adaptation, it said special consideration should be given to the poorest and there needs to be monitoring and reporting of adaptation actions, building on existing systems and experiences.

Canada said considering the IAR and ICA that Parties will undergo in the next two years, there is room to streamline the MRV arrangement to ensure an effective system that is common and applicable to all. It wanted a single set of guidelines, allowing countries to report according to their national circumstances. It said there should be a system of review where Parties' contributions are assessed. While the agreement should make clear that all Parties must undergo reporting and review, it believed that details of the MRV framework should not be in the agreement itself as there is still a lot to learn and to improve the current arrangements which is yet to be fully implemented to build a more robust framework.

Japan said Parties should communicate well in advance of COP21 (Paris, 2015) of their respective contributions and that upfront information is very important with emission reduction targets, base year, coverage of gases, sectors, land-use and market mechanisms. To increase understanding of the contributions, it said it was good to have a common and single template as suggested by some. It wanted common accounting rules for market mechanisms and the land-use sector, with double counting to be avoided. Current accounting rules needed further work. In relation to the NDCs, it said that after consultations, the contributions can be locked in after 2015 with an ex post review. It wanted the review process to be designed to incorporate the knowledge of current MRV and it to apply to all the Parties.

New Zealand said confidence, clarity and consistency are essential for the new agreement. It said these elements are inter-related and wanted ex-ante information particularly on how Parties account for achieving the target in the land sector and use market mechanisms. It said Parties need guidance on rules and upfront information. It suggested taking the iterative process where the information will be tabled by March 2015 and there will be a draft that will be finalised when the deal is locked down. It wanted clarity of rules before locking in contributions as a legal commitment. On accounting for emissions and removals in the land sector including agriculture, it suggested a menu of rules that is simplified to cater to all Parties. For the market mechanisms, it said there must be transparency on the types of units and measures used and to avoid double-counting. It called for common standards.

On MRV, it said there is a good basis to build on and enhance in the new agreement which is applicable to all. It said a common framework with built-in flexibility is needed. .

The **United States** said that in relation to the NDCs, there is an important distinction between this and the elements of the new agreement. It said that there would be adaptation in the new agreement but it made distinction between what would be in the agreement pursuant to negotiations on elements for a draft text and contributions which are designed well before Paris (in 2015). NDCs have a specific meaning and mitigation contributions come first so as to understand the aggregate efforts with the individual contributions having to add up to the aggregate level. In relation to transparency of mitigation, the agreement can reflect contributions maintained in a schedule in which actions are inscribed and reported on regular intervals.

It pointed to the three features of the current system – regular reporting with national inventories; technical review and facilitative consultations and review. It proposed a single MRV system with built-in flexibility with options – a system similar to the IPCC tier system; another is implementation with the same guideline to the extent each Party's capability allows. On the transparency of support, there is need to build on what is currently on-going. In addition to BRs and biennial assessments of climate finance flows, in the post-2020 timeframe, systems should evolve, with a growing number of donors.

Switzerland supported the different steps of transparency outlined by South Africa and New Zealand. While it agreed there should be flexibility for NDCs, it said it must be complemented by transparency and clarity that help to bring the different contributions together. It warned that it would be too late to address transparency only in 2015 and that it should begin with the submission of contributions. There is need for agreement in Lima (Peru) at COP 20 on the information to make them clear and transparent. In the 2015 agreement, there is need for common accounting rules; rules on markets; and to also include the authority of the COP to develop detailed rules.