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Durban Platform: Divergence of views on 'transparency of action and support'

Beijing, Dec 2, (Zhenyan Zhu)- One of the elements of the 2015 agreement is the element of 'transparency of action and support'.

During the open-ended consultations on this element under the Ad Hoc Working Group on the Durban Platform for Enhanced Action (ADP) held on 15 November in Warsaw, an interesting exchange of views among Parties took place.

Divergences of views were obvious, as many developing countries stressed the need for differentiation among developed and developed countries in relation to the transparency of mitigation action, and asserted that there cannot be common accounting rules or transparency system for all countries. Developed countries on the other hand stressed the importance of common accounting rules depending on the type of commitments of Parties (the European Union); a common system which is flexible enough to take into account the national circumstances of all countries (the United States) and common rules for all (Switzerland and Norway).

Developing countries also stressed the importance of transparency of support (for finance, technology transfer and capacity building provided by developed countries) in the new agreement.

In order to facilitate this dialogue, the Co-Chairs, Kishan Kumarsingh (Trinidad and Tobago) and Artur Runge-Metzger (the EU) proposed guiding questions in advance: How could the measurement, reporting and verification (MRV) system be reflected and enhanced in the 2015 agreement; and what additional arrangements may be required.

Pakistan speaking for **Like-minded developing countries (LMDC)** said the progress in our work on transparency of action and support in the ADP must be under the Convention. Under the Convention, Article 12.1 and 12.2 provide the basis for transparency with respect to mitigation in a manner that is differentiated between developed and developing countries, and Article 12.3 provides the basis for transparency of support. New design or new concepts deviating from the principles and provisions of the Convention must be avoided because they will create complications in the process. This will delay rapid, early and ambitious implementation by developed countries of their mitigation commitments.

It said that a transparency regime with respect to mitigation commitments and the provision of support from Annex II Parties to developing countries has been built up under the Convention. This includes (1) for developed countries, annual inventory reporting and review, biennial report (BR) and national communication reporting and review, and international assessment and review (IAR) for developed countries, and compliance assessment for Annex I Parties that are also Parties to the Kyoto Protocol; (2) For developing countries, reporting on their national communications and reporting and international consultation and analysis (ICA) on their biennial update reports (BURs), the preparation of which are dependent on the effective implementation by Annex II Parties of their commitments under the Convention related to financial resources and transfer of technology, particularly the provision of support for agreed full costs for the preparation of national communications. This transparency regime for mitigation must now be given the chance to be fully implemented on the basis of existing rules. This two-track approach with respect to reporting rules is under the Convention and reflects the differentiated nature of the responsibilities that developed and developing countries have, as reflected in the two Annexes. Seeking to change will only delay action.

Pakistan said that common accounting rules are for the Annex I Parties on their post-2020 emission reduction targets as well as on the commitments on finance and technology support by Annex II Parties. This is what is provided for under Article 12.1, 12.2, 12.3. However, common accounting rules to be made applicable to both developed and developing countries are not practicable because of the different nature of mitigation commitments and actions between Annex I and non-Annex I Parties, as well as the differentiated obligation on the part of Annex II Parties to provide support to developing countries. Trying to develop such common accounting rules to be made applicable to developing countries will only delay progress in our work and hence delay enhanced action as soon as possible.

Pakistan stressed that the transparency of action for developing countries through the modalities and arrangements agreed at Cancan should be implemented in a manner that is non-intrusive, non-punitive and respectful of national sovereignty as set out in the paragraph 63 of the Cancun Decision. Doing otherwise will decrease the attractiveness of the system and delay or make difficult enhanced action by developing countries. On the other hand, the transparency regime under Article 12.3 in the implementation by Annex II Parties of their commitments to provide the finance, technology and capacity building support to developing countries under Articles 4.3, 4.4 and 4.5 must be enhanced as a necessary complement to clarifying and tracking the progress on the implementation of mitigation commitments by developed countries.

Enhancement in this transparency regime for support must include institutional arrangements and modalities, building on the current system, that would result in the identification of clear pathways up to and beyond 2020 for the provision of specific amounts with specific timelines and clearly identify public sources of financing and technology that will be provided to developing countries to support them in enhancing their actions under the Convention. These enhancements in the transparency regime for support will enable enhanced action by developing countries.

India emphasized that it is important to understand first what the Convention says on this issue of transparency. Article 12.1, 12.2, 12.3 deal with this specific issue and we also have decisions in COPs, including in Cancun. On mitigation, given our differentiated nature of responsibilities, we have developed a two-track process for Annex I and Non-Annex I countries and this is in consonance with the respective obligations. Keeping in mind the nature of the commitments by Annex I countries and actions by Non-Annex I countries, we have developed a non-intrusive track for developing countries respectful of sovereignty of countries. We feel that what we have so far is adequate and the question is one of implementation of what we have agreed.

Regarding the comments on an international assessment phase being applied on the pledges made by countries in the post 2020 period and some Parties saying "respective capabilities" (RC) should guide future pledges, it stressed that it is necessary to adhere to the Convention in accordance with the Durban mandate which underlines that the 2015 outcome is "under the Convention". Article 3.1 refers to CBDR and RC and equity. It also states that "… the developed countries Parties should take the lead to combat climate change and the adverse effects thereof"; therefore, it is evident that if the developed countries do not take the lead, there is no equity or CBDR.

India emphasized that Article 4.1 deals with commitments. It says "All Parties, taking into account CBDR and their specific national […] priorities, objectives and circumstances […]" What is to be noted here is that there is no reference to RC but only to national circumstance and CBDR.

The nationally determined pledges we are discussing here will include a variety of approaches by Non-annex I countries in accordance with their national circumstances. Once these targets are inscribed according to national circumstances, developing countries have conformed to the provisions of Article 4.1 and cannot be forced to enhance their pledges on the basis of any external reference framework.

On how the ambition gap (in emissions) is be addressed, India said is clear to that there is no question of redistributing the "gap" on the basis of RC since this is against the Convention according to Article 4.1 and hence not acceptable.

The only other criterion for commitments under Article 4.1, apart from national circumstances, is CBDR without RC. Historical responsibility is the only other key. There are no other indicators mentioned in that Article and we should not be inventing more, said India. Consequently, if the so-called "ambition gap" is sought to be distributed among all countries, including the developing countries, then what we are effectively doing is reinforce the "common responsibility" aspect of the Convention and not the "differentiated responsibility", said India.

It asked where then is the lead by developed countries that the Convention demands; does this conform to CBDR which Article 4.1 demands; or the need to take the lead which Article 3.1 demands; or factor in historical responsibility?

India stressed that by providing a template where the "ambition gap" would be redistributed to all countries in the second step, we almost encourage the developed countries to pledge lower than what they can or what CBDR and equity and even science demands, since the next step will ensure that the gap is redistributed to all countries, effectively reinforcing the "common responsibility".

We will do away with leadership, and by inference, CBDR and equity, under the guise of "doing what we can" and redistributing the rest to all countries. We therefore cannot accept a framework or structure that will re-distribute the ambition gap to developing countries as well. Such a framework will militate against CBDR and equity. If the developed countries truly respect CBDR and equity, they should raise their ambitions to fill the ambition gap.

It said that so far, in the pre-2020 period this has not happened and has made it even more difficult for developing countries to accept any such framework or structure to redistribute commitments that the developed countries have failed to meet in the pre-2020 period. In this context, it is evident to us, said India, that the notion that since the post 2020 arrangements are apply to all Parties, the principle of equity and CBDR no longer apply to the Parties or that it be dynamically applied according to respective capabilities only, is incorrect.

India emphasized that if the gap indeed needs to be filled, both reality and the Convention provisions tell us that it is the developed countries which should enhance their targets and "take the lead". Any structure in the future, which results in merely transferring the commitment of developed countries to developing countries in the post-2020 period, is unacceptable.

On common accounting rules, they apply to Annex I countries. Annex I and Non-Annex I cannot be on the same page given the differing nature of their responsibilities. We cannot accept them for all Parties obfuscating historical responsibilities and the Annexes, emphasized India.

India underlined the need for enhanced action on transparency of support. The Durban mandate singles this out for further work and enhanced action and we need to ensure that all other aspects of the pillars, other than mitigation, come under the transparency provisions and the transparency is enhanced.

China said that transparency is key in the 2015 agreement. However, we are not talking about transparency in vacuum. There aspects of transparency are already provided for and practiced in the implementation of the Convention, including the KP. The whole process of the ADP is under the Convention and guided by the principles of the Convention.

There should be differentiated procedures and rules as in the Bali Action Plan outcome. For mitigation commitment targets by developed countries, the first rule for transparency is MRV. It supported Nepal's statement that KP rules are relevant to measure and verify the targets of developed countries in the post-2020 period as part of the 2015 agreement. We are not talking about applying KP rules of MRV to only KP Parties, but all developed countries too. Transparency also applies to the MRV of support by developed countries. The KP rules can be adapted for post-2020 period.

The MRV of mitigation and of support will be linked to the finance chapter. We can look into the placement of the element later when we have a clearer view.

Nepal speaking for the Least Developed Countries said that the post-2015 agreement must ensure transparency and allow independent review. Lessons can be learnt from the KP's MRV system and compliance system. The reporting and review should not be less stringent. For those developed countries that are not Party to the KP, a similar robust system must be adhered too. We must build on the current KP system and the new regime should in no way lower the standard set by the KP. The MRV provisions including compliance and accounting rules must be improved over time. We need further support, especially for LDCs to meet the higher standard of reporting. Additionally, there should be MRV of finance in the new agreement.

Swaziland on behalf of the African Group said, in accordance with Articles 12.1 and 12.2, transparency differentiates between developed countries and developing countries; so we do not need to deviate from the provisions of the Convention. For developing countries, reporting on the national communication, BURs and ICA have also been developed and yet to be fully implemented, let alone further explored. Common accounting rules are also needed in the post-2020 period for Annex I countries. Transparency of action for developing countries should be non-intrusive and non-punitive as decided in Cancun.

Saint Lucia said that transparency to track climate finance flows will be an important element of the 2015 agreement and should be built on lessons learnt in climate finance in the pre-2015 period, including Fast Start Finance (FSF) (2010-2012). Developed countries should provide annual reports using a standardized reporting format, but the reporting obligation of developing countries should be simplified and harmonized especially for those with severe capacity constraints. It said that transparency builds trust and ensures we all understand how we all perform and whether we collectively achieve our long-term goal.

South Africa was of the view that the MRV system must be enhanced and be applicable not just for mitigation but also other aspects like adaptation, technology transfer and finance support. We can envisage MRV in mitigation in developing countries improving over time but there is a lack of commitment by developed countries with some developed countries even weakening their previously pledged targets. Transparency of action requires *ex ante* information, as without clear rules of support it is not possible to clearly understand action.

Brazil said we need to respect the principles of the Convention and priority should be given to transparency of support because we have little to build upon. We do have a platform for MRV through national communications but we do not have an infrastructure or setting for the MRV of support. It pointed out that the multilateral assessment of mitigation action under the BAP for Annex I Parties does not include action related to support and this gap in the regime should be addressed.

It reiterated that the KP stands as the main reference for transparency rules because it provides for comparability, stringency and for common accounting for Annex I Parties. We need to use KP rules. For Non-Annex I Parties, we need to focus on a very facilitative approach to enhance support for transparency of action.

Venezuela said we need as much transparency in finance, technology and capacity building support as possible. A system for enhancing transparency of finance and technology transfer for Annex 2 Parties must be established. This builds trust and enhances transparency. Regarding transparency on mitigation, a strong transparency regime had been built up in the Convention including BR, national communications and the IAR for developed country Parties and compliance assessment for Parties that are Parties in the KP. For developing countries, we have BURs, national communications and the ICA but this has to be in accordance with Article 4.7 of the Convention, where support from developed countries is needed.

Algeria said transparency is an essential element to build a fair, equitable and rules-based regime. Articles 12.1 and 12.2 offer the basis for this important issue. The improvement of transparency will lead to a strong regime. For developed countries, this should including annual inventory reporting and review, national communications, IAR and compliance; for developing countries, it should lead to reporting in national communications, BUR and ICA, depending on the effective implementation of Annex II Parties of their commitments to provide finance, technology transfer and capacity building.

It called for improving transparency in relation to finance, technology transfer and capacity building supporting developing countries. It said we also need to establish a system to enhance transparency through specific targets. Transparency in the commitment to provide finance and tracking progress of mitigation commitment by developed countries should be enhanced. The transparency for developing countries should be implemented in a manner that is non-intrusive, non-punitive and fully respects national sovereignty.

Cuba also referred to Articles 12.1 and 12.2 of the Convention, there is no need reinvent any new regime on this issue. We need a system where we know and understand where Parties are going. We already have many decisions and we need to get into the implementation of the commitments.

Chile highlighted *ex ante* clarity by all Parties to ensure transparency, stressing that it is important to understand the variety commitments of the post-2020 agreement. Transparency of support to implement each country's contribution is also important and it is the cornerstone to build trust. We are not talking in a vacuum, it added. On the MRV of finance, we can learn lessons. At the outset, we consider the transparency of support should include clarity of sources, scale, and balance of the support provided for mitigation and adaptation activities.

The European Union said, on mitigation, it foresees the new agreement will have a system of commitment by all Parties. Given the variety of the commitments, in the outcome of Warsaw, some may be common but some may be different depending on the commitment types taken by countries.

It said transparency is important to ensure we stay below 2 degree C; to understand what each of us put forward; to see if we collectively deliver towards the goal; what a country has put forward is comparable to what another country has put forward and also to see whether it is fair what each country is doing. We should take into account the past work and analyze what else is needed. MRV should continue to be based on the existing system and this information need to be adapted to reflect the 2015 agreement.

The EU highlighted the need for up-front information in establishing mitigation commitments. It called for information on targets and target periods, sectors and GHGs (greenhouse gases) covered, methodology to calculate emissions and GHGs emitted, approaches to market mechanisms and accounting system for land-use sector, etc. On finance, it was of view that the MRV of support should be built upon and elaborated based on the existing system.

The United States of America was of view that transparency is more than a tool for understanding but is the key to increase ambition. It can create accountability for Parties to follow and Parties are more likely to act ambitiously as they know the world is watching. On mitigation, its proposal featured a staged approach that guides Parties to maximize their participation, with all Parties submitting nationally-determined mitigation commitments under a single but flexible set of rules applicable to all; a global consultation process, and regular reviews at the implementation stage.

It is important to have a common, robust and transparent accounting system with sufficient flexibility to accommodate national circumstance and capability. It said it fully understands that Parties have different capability and capacity but many conventions and multilateral agreements deal with transparency in this manner in a single set of provisions rather than a multiple system and it works well as Parties can understand the differences they bring to the table. Transparency rules can be flexible but have to be common.

Australia emphasized that transparency is appropriate and applicable for all but this does not mean the same rules for everyone. However, it proposed a common platform that will allow for differentiation. A transparency framework will have both *ex ante* and *ex post* elements. Transparency in the new agreement will cover mitigation and adaptation support. The framework should be built on the existing system. There is improvement in those areas and there should be continuing capacity building and support where transparency needs to be improved. A common framework does not necessarily apply to all but certainly must build in flexibility. "We don't want to lock a Party into the box", it said. It is to track commitments to ensure integrity of efforts. There are three key parts: preparation of inventories, countries that use an international system to avoid double counting, and rules relating to the land sector (referring to land use and forestry).

Canada said that transparency would be a key for future climate regime. Over the past years, we have made progress in MRV and developed standards and guidelines. This is important as we consider the transparency framework in the new agreement. But there should be room for creative thinking so that the transparency will be effective and efficient, comprehensive and flexible and ensure that it applies to all.

A number of countries have submitted their views to shape the transparency arrangement. We agree that the first step would be the discussion of *ex ante* information that countries submit with their post-2020 commitment as for why their commitments are ambitious and it should include all the elements: methodology and national determined appropriate commitments and any explanation why a country's commitment is fair and in line with their capacity.

Norway said transparency is fundamental in the new agreement and without common rules, the agreement will lose its value. At the national level, it is to deliver joint efforts and to be able to do that, we must include a common platform for accounting and we can hold countries accountable. The system must apply to all but be flexible to accommodate diversities. It was of the view that common multilateral rules make commitments more transparent and ensure that ambition is raised. It put forward three elements: common reporting system; common system for accounting that must be fit for purpose and have flexibility to accommodate national circumstances; and a common system of review.

It also pointed out that rules and framework are needed with regard to the use of market mechanisms, a tool that can allow high ambition and institutional setup that is needed to ensure no doubling counting of carbon credits. Regarding the review system, Norway said it should include a common review process and should include technical expert reviews. It said we have many years of experience of review and we can build on experience under the Convention and not differentiating Annex I and Non-Annex I but shall apply to all and should be done on a regular basis for all countries.

On adaptation, Norway wanted provisions for MRV of adaptation and we can build on the existing system of national reporting. The upcoming reports of the experience of the IAR and ICA processes will be also important.

Switzerland said we have a clear mandate for a post-2020 regime. We have an opportunity to set up a rules-based system and a system that provides clarity and allows sufficient flexibility for diverse national circumstances and that is suitable to all Parties. Without common rules of transparency, there is no ambition. We believe there must be common rules for all and we also believe that they must account for the same period of time. Common accounting rules are important in the land sector and market mechanisms. We believe we must have a common regime for all Parties. We must learn from the experience so far on the MRV system that will deliver next year and improve the system we have now from the experience we had and gained over the years.

Japan said the MRV system or transparency is an important part of the new agreement. We need to ensure enhanced ambition is the target but effectiveness is also important. Effective mechanisms for *ex ante* clarity and *ex post* international assessment need to be established. In order to help Parties to attain their commitments, we believe that we need to establish an effective and efficient verification system that can be built on the experiences and lessons learnt. We need to assess the implementation of each Party not just in terms of emissions reduction but the outcome of other various kinds of policies and measures including energy efficiency, renewable energy, technology development and transfer and also the strategy to transit to the low carbon society and action by all the actors.