

Submission by Ethiopia on behalf of the Least Developed Countries Group on agenda item 5: modalities, procedures and guidelines for the transparency framework for action and support referred to in Article 13 of the Paris Agreement

The Least Developed Countries Group (LDC Group) welcomes the opportunity to submit its views on modalities, procedures and guidelines for the transparency framework for action and support referred to in Article 13 of the Paris Agreement. The transparency framework established under Article 13 of the Paris Agreement has an integral role in ensuring that ambitious and fair action across all thematic areas of the Convention and the Paris Agreement are taking place globally, to help meet the global temperature goal of pursuing efforts to limit warming to 1.5 degrees C.

The transparency framework must therefore be fit for this purpose, ensuring an adequate quantity of information is provided to track individual country progress, can be aggregated to provide an accurate picture of global action and support, and that information is of a sufficient quality.

Furthermore, the framework for transparency should be guided by key principles enshrined within the preamble to the Paris Agreement.

Components of modalities, procedures and guidelines (MPGs) for the transparency of action and support under Article 13, paragraphs 7, 8, 9, 10, 11 and 12.

MPGs for reporting:

MPGs for reporting should cover reporting on both action and support.

MPGs for transparency of action:

Consistent with Articles 13.5 and 13.6 of the Paris Agreement, the purpose of the transparency framework includes informing the global stocktake under Article 14. It should therefore cover all aspects of the implementation of the Paris Agreement. With respect to transparency of action, this includes mitigation, adaptation, and loss and damage.

In accordance with Article 13.7 of the Paris Agreement, Parties shall regularly provide:

- (a) National inventory reports of anthropogenic emissions by sources and removals by sinks of greenhouse gases; and
- (b) Information necessary to track progress made in implementing and achieving NDCs

The information to be provided for (b) above should include:

- Mitigation objectives and actions at all levels, including:
 - Objectives across different levels and sectors
 - Measurement of mitigation actions and their effects
 - Projected costs of mitigation actions
 - Use of mechanisms under Art 6.2 and 6.4, including volumes of internationally transferred mitigation outcomes (ITMOs) transferred and received

- How mitigation objectives and actions contribute to holding the increase in the global average temperature to well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels (as per Art 2.1 (a) of the Paris Agreement).
- Adaptation objectives, needs and actions at all levels, including:
 - Objectives across different levels and sectors
 - Projected impacts of climate change across different location and sectors and corresponding adaptation needs.
 - Projected costs of taking those adaptation measures.
 - Additional information related to impacts and adaptation to be provided under Article 13.8, including information contained in National Adaptation Plans – which developing countries should be able to choose to submit as adaptation communications.

MPGs for transparency of support:

The MPGs for the framework for transparency of support should also encompass all aspects of support, including quantitative data on finance mobilized through public interventions, provided and received, and qualitative data on technology development and transfer and capacity building. This should include support needed, support mobilised through public interventions and support received.

Support reported under this framework will include support for developing country Parties to assist them in undertaking the actions outlined in the framework for transparency of action.

The information to be provided should include:

- Support provided by developed country Parties and, where this does not create an undue burden, support provided by other countries (Article 13.9).
- Where possible, support needed and received by developing country Parties (Article 13.10). The MPGs should include guidance on how developing country Parties can report on the use, impact and estimated results of the support received without imposing undue burden.
- Developing country Parties should have the choice to submit their NDC as their report on support needed where their NDC contains this information.

Here, support refers to both quantitative data on the amount of finance provided and received, and qualitative data on technology transfer and capacity building support.

MPGs should introduce means to simplify reporting on climate finance and systems to allow tracking projects and compare information from Parties providing support and developing country Parties receiving support.

Flexibility in reporting

As per Articles 13.1 and 13.2, the transparency frameworks should have enduring built-in flexibility for those developing country Parties that need it in light of their capacities. The LDCs

should be afforded the greatest flexibility in recognition of the burden that reporting and review processes can place on poorer countries.

MPGs for review:

The review process for the framework for transparency under Article 13 should build on the International Assessment and Review (IAR) and International Consultation and Analysis (ICA) processes, while recognising that the framework for transparency is to support the global stocktake, and therefore must focus on all thematic areas of the Paris Agreement, including mitigation, adaptation, loss and damage, finance, technology development and transfer, and capacity building. Therefore, MPGs for review under the Paris Agreement framework for transparency must be more holistic than those for the IAR and ICA processes.

Frequency of reviews

Reviews should be carried out in line with a “no less frequently than on a biennial basis” reporting cycle, as defined in paragraph 90 of 1/CP.21. This will help to avoid duplication and undue burden by enabling uniform time-scales for measurements across all reporting requirements under the Paris Agreement.

In-country reviews

In-country reviews should be optional for LDCs and SIDS (Decision 1/CP.21 paragraph 89). Where in-country reviews are burdensome, conducting reviews on a group basis, for example with a focus on LDCs, or Pacific Islands as a group, may enable adequate collection of data without imposing an undue burden on individual countries.

Review and assessment

The framework for transparency should focus on individual Party actions, enabling the identification of country successes and challenges in meeting the objectives of NDCs, and facilitating advice and knowledge sharing amongst Parties.

MPGs for reporting shall ensure comparability across reports, including the use of a common tabular format for GHG emissions reductions and for transparency of support.

As per Articles 13.11 and 13.12, the country reports should go through a technical expert review and facilitative multilateral consideration of progress with Parties able to ask questions of one another and offer advice where appropriate.

Further guidance should be developed for monitoring and evaluating actions relating to adaptation and loss and damage. Both of these thematic areas shall be measured both qualitatively and quantitatively. Quantitative measurement should include, for example, the number of people/households protected or insured, the values of economic assets protected, benefit in terms of human life and health protected, species preserved, area protected from rising sea-levels or floods, etc.

Building on and enhancing the transparency arrangements under the Convention

The Paris Agreement state that the MPGs will build on and enhance the transparency arrangements under the Convention while paragraph 93 of Decision 1/CP.21 explicitly states that the existing transparency arrangements under the Convention shall form part of the experience drawn upon for the development of the MPGs; therefore it is important not to duplicate work and to learn from experience. Revising and improving current guidelines under the Convention could enhance efficiency of the work of the APA and lead to a more robust framework built on collective expertise.

The LDC Group therefore requests the Secretariat to prepare a report on lessons learned under the existing MRV system and other relevant processes under the Convention. This technical report should include an assessment of gaps and challenges, and consider how the existing transparency framework could be adapted to apply to all thematic areas under the Paris Agreement.

Operationalising flexibility for developing country Parties

Clarity on what key terms such as ‘built-in flexibility’ and ‘capacity’ is needed in order to understand how flexibility for developing country Parties provided for in paragraphs 89 and 90, and Articles 13.1 and 13.2 will be operationalised. Clarity is also needed on how flexibility can be incorporated into:

- The scope of reporting;
- The level of detail of reporting;
- The frequency of reporting;
- The scope of the review;
- The frequency of the review; and
- The stringency of the review.

Flexibility should encourage enhanced participation and enable all country Parties to participate without limiting the predictability and usefulness of the transparency framework. Flexibility should also be operationalised in a way that allows the transparency framework to provide an accurate picture of global efforts, for example while LDCs and SIDS may report at their discretion, it may be useful for reports to be submitted at least once every 5-years to get a clearer picture of global action and support and to ensure adequate input into the review and global stocktake. The Capacity Building Initiative for Transparency will play a key role here and should be operationalised urgently to build capacity and long-term institutional knowledge in developing country Parties to enable enhanced reporting into the future.

Other elements to be considered in the development of the MPGs

Consistent with the requirement under Article 13.5 on reporting of good practices, priorities, needs and gaps, to inform the global stocktake under Article 14, the following information should be provided on a regular basis:

- Actions relating to sinks and reservoirs of greenhouse gases as referred to in Article 4.1 (d) of the Convention, including with respect to forests, as specified under Article 5

- Actions on Loss and damage including:
 - Enhanced understanding, action and support, including through the Warsaw International Mechanism, as appropriate on a cooperative and facilitative basis consistent with Articles 8.3 and 8.4
 - Actions to support the Warsaw International Mechanism consistent with Article 8.5
- Actions relating to technology development and transfer consistent with Article 10
- Actions relating to capacity building, consistent with Article 11
- Actions relating to climate change education, training, public awareness, public participation and public access to information, consistent with Article 12

Relationship of the framework for transparency to other mechanisms under the Convention and Paris Agreement

To avoid duplication and undue burden, linkages and synergies should be identified and developed between the framework for transparency and:

- The global stocktake;
- The compliance mechanism;
- REDD+;
- Mechanisms under Article 6 of the Paris Agreement;
- The Warsaw International Mechanism on Loss and Damage; and
- Guidance for NDCs.

Guidance for information to be provided in NDCs should be synergised with the framework for transparency to avoid unnecessary duplication of work and ensure comparability across country Parties.

Article 6 Transparency Provisions:

The cooperative approaches and the mechanism under Article 6 will benefit from the elaboration of an effective transparency framework under Article 13. Experience gained from reporting under the Kyoto Protocol should provide a useful basis for elaborating the institutions and rules needed to support Article 6. In particular, an international transactions reporting system should be established for the trading mechanisms under Article 6. The international transaction reporting system should be maintained by the UNFCCC Secretariat. Each Party that uses either of the trading mechanisms should establish a national transaction account that can be reviewed by other Parties. All transactions recorded under the national transactions accounts should be reported through the international transaction reporting system to ensure environmental integrity and the avoidance of double counting. Other institutional oversight mechanisms will need to be developed under the rule-set for Article 6.

National transaction accounts should be available for review by expert review teams. Special consideration will need to be given to LDCs with respect to capacity building for the maintenance of national transaction accounts and flexibility applied to the frequency of visits by expert review teams.

Accounting modalities for support provided and received

Under SBSTA¹ Parties have the mandate to develop accounting modalities for financial support provided and mobilised through public interventions which will enable an accurate understanding of support provided to and received by countries without creating undue burden. These accounting modalities should be ready in time to be integrated into the MPGs for the transparency framework.

The key elements that should be addressed in developing the accounting modalities for financial resources provided and mobilized through public intervention include

- Common tabular format to enable easy completion and comparison of information.
- A common understanding among Annex I and non-Annex I countries needs to be reached on what should be reported under the common tabular format and counted as climate finance.
- The modalities need to address concerns by developing country Parties by including definitions, common formats and methodologies to be used to count financial flows as climate finance.
- The modalities must be designed to avoid double counting by:
 - Requiring reporting only of the climate components of the range of finance provided by developed country Parties to developing country Parties rather than counting all finance provided as climate finance.
 - Requiring reporting only of the finance provided for specific climate related activities through multilateral development banks (MDBs) rather than counting all resources that have been channeled to these MDBs.
- Labeling or diversion of ODA as provision of climate-related financial resources should be avoided.
- While reporting on the various financial instruments used, only the grant equivalent of these instruments should be counted.
- The modalities need to be designed in a way that provides information on whether public and grant-based resources are provided for adaptation.
- Acknowledging that there is no common understanding among Parties on the types of private finance to be reported, it is crucial that the modalities require an agreed common accounting method so that developed country Parties only report private finance that is leveraged through public interventions.
- Modalities must provide adequate information on the flow of climate finance, including backflow of climate finance, e.g. in the form of interest and return on investments.
- The modalities that will be developed should consider how to ensure that only financial resources consistent with a pathway towards low greenhouse gas emissions

¹ LDCs have made submissions on SBSTA Agenda item 12: *Modalities for the accounting of financial resources provided and mobilized through public interventions in accordance with Art. 9, para. 7, of the Paris Agreement.*

and climate resilient development are reported and counted, consistent with Article 2.1 (c) of the Paris Agreement.

Further guidance is also needed in the transparency MPGs on how to report on non-financial support, including technology transfer and capacity building to fulfil the requirements of Articles 10, 11, 13.6, 13.9 and 13.10.

Support for reporting and review

There is a need for greater clarity on how the Capacity-building Initiative for Transparency will provide support and to whom it will be provided. The review process should be used to identify barriers to implementation of NDCs as a whole, as well as Article 13 explicitly. The technical expert review report may consequently recommend sources of support to help overcome these barriers, including how the Capacity-building Initiative for Transparency can provide greater support. The review process can also feed into other thematic areas where support is required for action to be taken, including support for mitigation, adaptation and loss and damage action.

Participation of observers at sessions for the development of the transparency framework

Observers should be given the opportunity to provide inputs into the development of the MPGs and should have access to all the related meetings.