



**DISCUSSION PAPER**

# **OPERATIONALIZING FLEXIBILITY WITHIN THE TRANSPARENCY FRAMEWORK**

Possible outline of Modalities, Procedures and Guidelines

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## TABLE OF CONTENTS

Abstract	5
Introduction	5
Overview of the existing transparency framework	5
Transparency under the Paris Agreement	8
Approaches and suggestions to enhance flexibility under Article 13	10
Approach 1: Carry forward the existing elements	10
Approach 2: Carry forward, step up and gradually converge	10
Approach 3: Bottom-up determination of flexibility (plus NDC)	10
Approach 4: Bottom-up determination of flexibility (plus NDC) and converging review	11
Way Forward	11
Abbreviations	12
References	12



# OPERATIONALIZING FLEXIBILITY WITHIN THE TRANSPARENCY FRAMEWORK

## Abstract

Paris Agreement strongly focuses on strengthening transparency regime for global climate change actions. In this regard parties are examining the different provisions under article 13, collectively called the modalities, procedures and guidelines (MPGs) for enhancing the transparency framework. This discussion paper unpacks and analyses the reporting and review process under the existing transparency framework and put forward approaches that could inform MPGs for the enhanced transparency framework (ETF) as to be adopted at CoP24 in December 2018.

## Introduction

Transparency is at the heart of United Nations climate regime which provides a framework for reporting and reviewing information on the policies and measures taken by countries to tackle climate change. This framework has been evolving in detail and complexity since 1992 aimed at maximizing transparency while ensuring that parties are not unduly stretched beyond their capacities. Formal reporting process was first mandated as requirement for developed countries in the text of the UNFCCC with differing degree of mandate for developed and developing countries. Additional reporting requirement have since been introduced through the Kyoto Protocol (2005) and subsequent decisions.

Transparency in reporting actions aids in building trust and confidence among parties and helps stimulate further actions. Equally, the act of participating in the transparency system builds countries reporting capacity over time, which, in turn, increases transparency. More recently, in 2015, through article 13 of the Paris agreement, countries have agreed to undertake actions with a view to build mutual trust and confidence and promote the efficient implementation of nationally determined contributions as also act on obligations under the Paris agreement through an enhanced transparency framework (ETF). Substantively, the ETF will play important roles in tracking the progress of individual/collective climate actions, helping to strengthen domestic capacity, providing valuable input into global stocktakes, and potentially attracting investment.

The current reporting system has no doubt helped in increasing the transparency of national climate activities and build trust and confidence among Parties. However, the system offers room for improvement. Countries are now discussing how to build on their experience, enhance

their reporting efforts, address the shortcomings of the current regime, and streamline the transparency process to support the effective implementation of the Paris Agreement.

At CoP24, parties to the Paris Agreement are to adopt Modalities, Procedures and Guidelines (MPGs) to further elaborate article 13. These MPGs will need to address several issues, including with respect to: various types of reporting; the operation of “technical expert reviews;” and the design of the “facilitative, multilateral consideration of progress.” Reporting and review procedures and requirements can be challenging for participating parties, but a robust transparency system is essential to an effective international climate governance system.

This discussion paper attempts to bring out approaches of building flexibility for reporting and review process under article 13. The informal discussions around approaches to enhance the transparency mechanism presented here are meant to inform the continued intersessional discussions at CoP24, to be held in Katowice, Poland from 2-14<sup>th</sup> December 2018.

## Overview of the existing transparency framework

Measurable, reportable and verifiable process (commonly known as MRV), was first introduced at the Bali Action Plan (CoP 13, 2007), to ensure transparency in mitigation commitments and actions undertaken by all parties. Thereafter, developed countries were instructed to include quantified emission limits and reduction objectives into their MRV process, while developing countries were required to bring out their Nationally Appropriate Mitigation Actions (NAMAs), especially those supported and enabled by external technology financing, and capacity building, through an MRV arrangement.

Subsequently, at COP 16 (Cancun, 2010), it was decided that Annex-I (developed) countries would enhance reporting and submit national communications (NATCOM) and biennial reports (BR) while the Non-Annex 1 countries would submit nationally appropriate mitigation actions (NAMAs) which includes targets, actions and policies. Enhanced reporting by Annex 1 countries was to reflect achievement of emissions reductions measures and also include the provision of financial, technology and capacity-building support to non-Annex 1 (developing) Parties and was to be process of international assessment and review (IAR). It was also agreed that the Biennial Update Reports (BURs), submitted by all non-annex 1 countries would be subjected to an International Consultation and Analysis (ICA). At COP 17 (Durban, 2011), Parties adopted the detailed guidelines for the preparation of BRs and the modalities and procedures for IAR. Also, COP 19 (Warsaw, 2013) adopted several decisions and guidelines on the elements of the MRV framework; the composition, modalities and procedures to conduct a technical analysis under the ICA. As per the agreed provisions, developing countries may voluntarily establish domestic processes, arrangements or systems for MRV. Developed countries have a more rigorous reporting and review obligation while developing countries have simpler reporting and review requirements. Table 1 showcases the transparency arrangement that exists at present while Table 2 depicts how the process is different for both the parties.

The existing framework provides for (built-in) flexibility, taking into account the different capacities of countries and their collective experiences. Flexibility is the reporting process for “those developing country Parties that need

it in the light of their capacities.” Capacities here refer to the different resources (financial, technical, institutional, socio-economic etc.) that the party has. The capacities vary from party to party as each party has unique national circumstances. Additional flexibility is provided to LDCs and SIDS parties, which may submit their reports at their discretion. Avenue for flexibility is provided as follows:

- **Existing Reporting process:**

Reporting under the current transparency framework includes submission of a GHG inventory, National Communication (NATCOM) and a Biennial report (BR) by A1 countries and a Biennial update report (BUR) by the NA1 countries. The Table 3 charts out GHGs and sectors on which parties are obligated to report under the framework.

- **Existing Review process:**

Introduced in Cancun, Mexico in 2010 at COP16, the process of International Assessment and Review (IAR) and the International Consultation and Analysis (ICA) was part of the agreed obligation for Measurement, Reporting and Verification (MRV) under the UN Framework Convention on Climate Change and was aimed at increasing the transparency of the participating countries’ climate change mitigation actions. The process review under the current transparency framework includes the following:

**IAR: The International Assessment and Review.**

In addition to the NATCOM, A1 countries are supposed to submit biennial reports on their progress on mitigation, emission reductions and adaptation and provision of finance, technology and capacity-building support to

**Table 1 Reporting and Review Process under existing transparency framework**

Parties	Reporting Process	Review Process
Annex 1 countries (A1)- Industrialized countries and economies in transition (OECD & EIT Parties)	Annual GHGs Inventory National Communications (NATCOM) Biennial Reports (BRs)	International Assessment and Reviews (IARs) Expert Review Team (ERT) Multilateral Assessment (MA)
Non-Annex 1 countries (NA1)- Developing countries including SIDS and LDCs	National Communications (NATCOM) Biennial Update Report (BURs)	International Consultation and Analysis (ICA) Facilitative Sharing of Views (FSVs) Technical Team of Experts (TTE)

**Table 2 Applicability for flexibility under the existing transparency framework**

How flexibility is plugged in the existing transparency framework	
Flexibility in Reporting	Flexibility in Review
Form: Differences in format; IPCC 2006 mandatory for A1; More similarities in content than difference Frequency: 2 year for BUR and BRs. 4 year for NATCOM and 1 year for inventory for A1	Form: In-Country, Desk-based, Centralised by ERT from roster of experts for developed country and centralised for BURs. Frequency: Ranging from Nil to 2 and 4 years Objective: Improved transparency for NA1; Improved transparency and Comparability for A1

**Table 3 Scope of reporting under the current transparency framework**

	<b>Annex 1 countries</b>	<b>Non-Annex 1 Countries**</b>
GHGs to be estimated	Carbon Dioxide (CO <sub>2</sub> ), Methane (CH <sub>4</sub> ), Nitrous Oxide (N <sub>2</sub> O), Perfluorocarbons (PFCs), Hydrofluorocarbons (HFCs), Sulphur Hexafluoride (SF <sub>6</sub> ), and Nitrogen Trifluoride (NF <sub>3</sub> )	Carbon Dioxide (CO <sub>2</sub> ), Methane (CH <sub>4</sub> ), and Nitrous Oxide (N <sub>2</sub> O)
GHGs which parties are encouraged to estimate	Carbon Monoxide (CO), Nitrogen Oxides (NO <sub>x</sub> ), and Non-Methane Volatile Organic Compounds (NMVOCs)	Hydrofluorocarbons (HFCs), Sulphur Hexafluoride (SF <sub>6</sub> ), Perfluorocarbons (PFCs), Carbon Monoxide (CO), Nitrogen Oxides (NO <sub>x</sub> ), and Non-Methane Volatile Organic Compounds (NMVOCs)
Sectors estimated in the inventories	Energy; Industrial Processes and Product Use; Agriculture; Land Use, Land-Use Change and Forestry (LULUCF); And Waste	Energy; Industrial Processes and Product Use; Agriculture; Land Use, Land-Use Change and Forestry (LULUCF); And Waste

\*\*reporting on different GHGs and sectors include flexibility for NA1 countries, they are not required to report on all the GHGs and sectors and are allowed to report on their discretion.

developing countries. The report is subjected to a review process called international assessment and review every two years either independently or along with the NATCOM. IAR includes two steps: Technical review and multilateral assessment. The technical review is conducted by a group of experts appointed by the secretariat who conduct in-depth review and focus majorly on transparency, completeness, timeliness, and adherence to reporting guidelines.

#### *Outline of IAR process:*

- **Scope of information:** The assessment is based on information provided in the NATCOMs as well as other inputs (e.g. latest GHGs inventories). A basic level of consistency, transparency and comparability is ensured through detailed reporting guidelines and templates.
- **Objective:** Annex I Parties' NATCOMs cover various types of information, including greenhouse gas emissions, policies and measures, emission projections, adaptation, finance, technology transfer, and education and public awareness.
- **Applicability for IAR:** In-depth review process only applies to Annex I Parties only, non-Annex I Parties are assisted by the expert review team.. Annex I Parties with emissions less than 50 mega tonnes CO<sub>2</sub> eq. may undergo centralized review only (except for Annex II Parties).
- **Criteria for review:** Transparency, Completeness, Timelines, Adherence to reporting guidelines
- **Timeline:** NATCOMs are currently submitted every four years and the review should be completed within 15 months.

- **Process:** Review is coordinated by SBI, UNFCCC.

#### **ICA: The International consultation and analysis**

The Biennial Update Report (BUR) submitted by the NA1 countries, goes through a process called the international consultation and analysis which includes two steps: Facilitative Sharing of Views (FSVs) and Technical Team of Experts (TTE).

#### *Outline of ICA process:*

- **Scope of information:** Review is based on annual inventories. The information provided in the inventory reports is highly standardized through the NIR guidelines and the Common Reporting Format (CRF) tables.
- **Objective:** Inventories mitigation-related information (greenhouse gas emissions and removals).
- **Applicability of ICA:** While inventories have to be submitted by all Parties, the requirements and timing are more flexible for non-Annex I Parties. Non-Annex I countries are not required to submit separate National Inventory Reports (NIRs); they may include the results of their greenhouse gas inventories in their NATCOMs and in Biennial update report (BUR).
- **Criteria for review:** Transparency, Consistency, Comparability, Timeliness, Accuracy and Adherence to reporting guidelines. The technical review identifies the extent to which information that parties have included in their BUR complies with guidelines for submission, and identify capacity building needs.
- **Process:** Review is coordinated by SBI, UNFCCC. Since the commencement of submissions in December



2014, 44 of the 154 NA1 parties have submitted their first BURs, with 19 out of the 44 having submitted their second BUR. The low numbers of participation can be attributed to the lack of a hard deadline and the flexibility afforded to multiple NA1. Parties who are accorded the status of Least Developed Countries (LDCs) and/or Small Island Developing States (SIDS); they are allowed to submit BURs at their own discretion.

Even though this seemingly slow process, the participation of big emitters such as India and China will contribute to the rising levels of confidence in the role that transparency plays in achieving global progress on mitigating climate change. India submitted its first BUR on 22nd Jan 2016. However, it is important to recognise that some parties still lack the financial, technological or institutional ability to spare their resources on the creation of a BUR.

#### India's experience on reporting and review process:

India has submitted two NATCOMs one in the year 2004 and other in 2012 and one BUR in 2016. India's BUR was prepared by the Ministry of Environment, Forest and Climate Change in collaboration with 17 institutions including academic institutions, government laboratories, various NGOs, etc followed by a multi-tier review process. The report outlined different sections elaborating various aspects on climate change in the country. It contains a section on the national GHG inventory of India for the year 2010, prepared in accordance with the guidelines of the Intergovernmental Panel on Climate Change (IPCC). The inventory covers six greenhouse gases, viz. Carbon dioxide (CO<sub>2</sub>), Methane (CH<sub>4</sub>), Nitrous Oxide (N<sub>2</sub>O), Hydrofluorocarbons (HFCs), Perfluorocarbons (PFCs) and Sulphur Hexafluoride (SF<sub>6</sub>) within five sectoral categories, namely- energy, industrial processes and product use (IPPU), agriculture, waste and Land-use, Land-use, Change and Forestry (LULUCF). Further, the BUR showcased a

range of climate mitigation options initiated through eight National Missions under the National Action Plan on Climate Change and other programs. At the national level, 137 and at state level 286 policies and measures relevant to climate change have been mapped in the report along with Information on finance, technology and capacity-building needs and support received.

BURs are subjected to an ICA cycle which concludes with an FSV workshop, an open event for all the delegates and observers in which each party presents a summary of their BURs and lessons learnt from undergoing the process. On the first FSV under ICA, India was commended for preparing its GHGs emission inventory as per the methodologies and elements of the IPCC guidelines of 2006. Areas that required capacity-building were highlighted, such as the need for national inventory management system to record and store periodic GHGs data for efficient reporting and key category analysis to capture sector wise emission data which would require continue financial support from international resources. Further the need for a National forestry inventory system and strengthening of capacity at all levels (including state- and district-level forest departments, research organizations and NGOs) to enable the design and implementation of REDD-plus mechanism was stressed.

### Transparency under the Paris Agreement

The Paris Agreement seeks to enhance transparency for post-2020 commitments to combat climate change. It encourages all countries to report more detailed information related to climate action based on nationally determined contributions (NDCs) on a biennial basis and take part in the common review process with additional flexibility for SIDS and LDCs due to limited national capacities. The ETF builds on the existing system as shown in Table 4 by expanding the scope of review

**Table 4 Existing transparency framework v/s Enhance transparency framework**

	Existing Transparency Framework			Enhanced Transparency Framework		
	Developed countries	Developing countries	SIDS and LDCs	Developed countries	Developing countries	SIDS and LDCs
GHG inventory	Every year	Along with NATCOM and BUR	Discretion on timing	Every year	Every two years	Discretion on timing
National communication (NATCOM)	Every four years with mandatory information on support with stringent guidelines	Every four years encouraged but not binding with less stringent guidelines	Every four years encouraged but not binding with less stringent guidelines	No new provisions so far		
Biennial Reporting	BRs every two years with mandatory information on support	BURs every two years with less stringent guidelines	Discretion on timing with less stringent guidelines	At least every two years	At least every two years	Discretion on timing



and reporting and by converging parallel transparency systems that are currently in place for developed and developing countries, although, the rules for the ETF including those on flexibility and reporting and review requirements remain under negotiation.

The key features of ETF are as below:

- The existing transparency system primarily focuses on assessing progress on mitigation actions and targets, while the ETF looks at climate action more holistically by giving more attention to adaptation action, and
- The ETF also gives more balanced attention to both sides of transparency of support that is provided or mobilised and that is received or needed.

Further, the Ad Hoc Working Group on the Paris Agreement (APA) is established with the mandate to develop MPGs for ETF; provide guidance on features of NDCs, and manage matters related to global stock stake and adaptation communications. These tasks being complex in nature are closely interlinked with each other. With firm deadline associated with these mandates, the APA works closely with Parties and others bodies such as SBSTA and frame MPGs. APA has so far held six engagements with Parties, to understand their experiences from existing MRV arrangements, views on enhanced transparency framework on action and support, and flexibility aspects for developing countries. Recently during the SBSTA-48b held in Bangkok, Thailand from September 3-9<sup>th</sup> 2018, discussions on article 13 showed progress and a few key areas that were discussed are described briefly in the Table 5.

## Approaches and suggestions to enhance flexibility under Article 13

The Paris Agreement explicitly states that ETF will have

built-in flexibility based on a country's capabilities. But it does not specify what that flexibility will look like, so it is important to develop rules that incorporate the right amount of flexibility for developing countries. Presently, developing countries are at different starting points in terms of their capabilities and have different national circumstances. Seventy per cent of the developing countries primarily SIDS and LDCs, have not been able to submit their first biennial update report. This is predominantly due to a lack of technical capacity, infrastructure or financial constraints. Therefore, flexibility in reporting and reviewing mechanism is needed to bridge the capacity gap. Here we identify a few approaches to appropriately plug in the flexibility in the ETF:

### Approach 1: Carry forward the existing elements

This approach carries forward the existing elements of the transparency framework wherein parties maintain their current reporting and review pattern as explained in the previous sections. Under this approach, A1 parties are required to submit a GHG inventory, national communication and a BR, while NA1 countries submit national communication and BUR. The reports submitted would be subjected to a review process. For A1 countries, IAR process would be conducted to review their BRs while NA1 country's BUR is subjected to ICA (Table 6). This approach takes into account the difference in capacities and capabilities of parties as per their national circumstances, providing a more rigorous reporting and reviewing obligation for developed countries while developing countries have simpler reporting and review requirements. The criteria for flexibility remain constant for developing, LDCs and SIDS parties.

Further, this approach does not bind parties to report progress on actions listed in their Nationally Determined

**Table 5 Recent discussions on ETF**

Key Area	Discussion
Structure and design of MPGs	<ul style="list-style-type: none"> <li>• It was commonly decided to provide 'flexibility' for developing countries on content and frequency of reporting and communications.</li> <li>• Parties agreed to strengthen, but not replace the existing MRV system.</li> <li>• Both developing and developed country Parties agreed to add a 'new option' for one set of MPGs with a section for common elements for both developed and developing country Parties (with two separate tracks for developing and developed country Parties, where requirements are different).</li> </ul>
Reporting	<p><b>National Inventory Report:</b></p> <ul style="list-style-type: none"> <li>• To include 'differentiation' as a key component</li> <li>• Have two sets of guidelines on the use of IPCC guidelines, methodology choice (tier approach), and sectors and gases to be covered by developed and developing countries.</li> <li>• For developed countries, it was decided to report on all 7 GHGs while giving flexibility to the developing countries to report on at least 3 gases (CO<sub>2</sub>, CH<sub>4</sub>, and N<sub>2</sub>O).</li> </ul>
Support	<ul style="list-style-type: none"> <li>• Developed country parties pushed for comprehensive reporting by developing countries parties.</li> </ul>

Contributions (NDCs). Collective and individual past experience exists for this approach which can be used to better the reporting and review process.

**Table 6 Scope of reporting and review process under approach 1**

Parties	Scope of Reporting	Scope of Review
Annex 1 countries	GHGs Inventory, BR and NATCOM	ERTs, IAR, MA, In-country Review
Non-Annex countries	BUR and NATCOM	ICA, FSV, TTE

## Approach 2: Carry forward, step up and gradually converge

This approach builds upon the existing reporting and review elements from the current transparency framework which mandates A1 parties to submit a GHG inventory, national communication and BR while NA1 parties to report national communication and BUR. These are then subjected to a review process which is different for both A1 and NA1 countries. For A1 countries, IAR process would be conducted to review their BRs while NA1 country's BUR is subjected to ICA (Table 7).

Further, this approach takes into account the different capabilities and capacities of developing countries, allowing for a step-up mechanism which permits countries to enhance reporting and gradually converging the review process. Here, it reduces the areas for which parties require flexibility.

This approach might, however, reduce flexibility in the transparency framework for developing and developed countries, because developing countries are likely to consistently have capacity constraints in one area or another. As the parties build better capacity to report and review, flexibility should gradually reduce and where, possible should completely disappear, converging the process for A1 and NA1 countries. However, there could be uncertainties in determining estimates. Furthermore, this approach does not provide a mechanism to capture progress reporting on NDCs.

**Table 7 Scope of reporting and review process under approach 2**

Parties	Scope of Reporting	Scope of Review
Annex 1 countries	GHGs Inventory, BR and NATCOM <b>Gradually Converging</b>	ERTs, IAR, MA, In-country Review <b>Gradually Converging</b>
Non-Annex countries	BUR and NATCOM	ICA, FSV, TTE

## Approach 3: Bottom-up determination of flexibility (plus NDC)

In line with the largely "bottom-up" style of the Paris agreement, in which individual parties self-determine the

type and level of their NDCs, this approach also allows individual parties to self-assess their capacities and capabilities to determine the areas for which it requires flexibility under the transparency framework. Further, this process of self-determination would be based on clearly outlined guidance on a self-assessment procedure which is to be followed by the party requiring flexibility by giving information and/or evidence of its specific flexibility needs and the related capacity gaps. However, it is important to note that there could be uncertainties in self-estimating flexibility criteria by the parties.

Furthermore, this approach provides a mechanism to capture progress reporting on individual party's NDCs through an NDC progress matrix. This matrix includes a reporting and review mechanism as listed in the Table 8.

**Table 8 NDC process matrix**

NDC progress matrix	
<b>Report</b>	<ul style="list-style-type: none"> <li>Base year (Reference)</li> <li>Target year</li> <li>Target, including coverage and scope</li> <li>Data, methodologies used</li> <li>Means of implementation</li> <li>Support (finance, technology, capacity building)</li> </ul>
<b>Review</b>	<ul style="list-style-type: none"> <li>Facilitative mutual consideration of progress on individual NDCs</li> <li>Inputs to global stocktake on aggregate progress</li> </ul>

Additionally, there is limited importance towards capacity-building and enhancing capacities and capabilities of parties under this approach. It fully acknowledges that some developing country parties may never be in a position to fully address certain transparency-related capacity gaps and, conversely, will always require flexibility in these areas. Hence, this approach provides a minimal possibility of converging reporting and review process under the transparency framework (Table 9).

**Table 9 Scope of reporting and review process under approach 3**

Parties	Scope of Reporting	Scope of Review
Annex 1 countries	GHGs Inventory, BR, NATCOM and NDCs progress metrics	ERTs, IAR, MA, In-country Review
Non-Annex countries	BUR, NATCOM and NDCs progress metrics	ICA, FSV, TTE

## Approach 4: Bottom-up determination of flexibility (plus NDC) and converging review

This approach implies self-determination of areas requiring flexibility by individual parties under the

transparency framework. The self-determination process acknowledges differences in capacities and capabilities of individual parties and allows them to assess their own capacities, their capacity-building needs and the support they receive to address these areas in order enhance the transparency. The approach further, allows parties to enhance their national capacities over time. As Parties develop the required capacity, their needs for flexibility will reduce and, where possible, will disappear. Parties progressing in this way will not require the flexibility, thus leading to a reduction in the overall number of Parties requiring flexibility. This approach builds in a mechanism enabling the convergence of the review process as capacities improve. Hence, flexibility and capacity building are embedded in this approach ensuring continuous improvement of transparency over time and reducing uncertainties in estimated.

The approach also plugs in an NDC progress matrix which captures progress reporting and review mechanism for individual party's NDCs (Table 8).

**Table 10 Scope of reporting and review process under approach 4**

Parties	Scope of Reporting	Scope of Review
Annex 1 countries	GHGs Inventory, BR, NATCOM and NDCs progress metrics	ERTs, IAR, MA, In-country Review
Non-Annex countries	BUR, NATCOM and NDCs progress metrics	Gradually Converging ICA, FSV, TTE

The Table 11 summaries various approaches to plug in flexibility for the enhanced transparency framework. Further, it is to be noted that flexibility needs to be

conceptualized as a vehicle to enable countries to participate in the ETF and advance their reporting over time, as national circumstances evolve and capacities improve. The capacity building mechanisms must provide sustainable models and align with the needs of developing countries under the transparency framework to help them achieve maximum clarity and accuracy in submissions and to continually improve as implementation progresses.

## Way Forward

The enhanced transparency framework under the Paris Agreement is a crucial component of the international climate regime. Robust reporting by Parties will provide the data and information necessary to understand progress and efforts toward meeting the goals of the Agreement.

Negotiations around MPGs of the reporting and review process under the ETF must ensure that flexibility should be explicitly linked to the capacity needs of parties. This implies that flexibility and capacity building should be embedded in the framework to ensure the continuous improvement of transparency and are applied taking into account the support it receives to address these areas. Those parties granted flexibility should continue working towards achieving enhanced transparency. Furthermore, capacity building activities enables creating adequate tools, institutional capacities and support for meeting the provisions stipulated in Article 13. It therefore goes without saying that activities for enhancing the capacity-building must be planned and implemented with the following primary objectives in mind:

**Table 11 Approaches to operationalize flexibility under ETF**

	Scope of Reporting	Scope of Review	Scope of Convergence	Progress reporting on NDC	Enhanced criteria
<b>Approach 1</b>	Same as existing transparency framework	Same as existing transparency framework	-	-	-
<b>Approach 2</b>	Same as existing transparency framework; can converge	Same as existing transparency framework; can converge	Reporting and review may converge with enhancing capacities.	-	Enhancing national capacities over time thereby improving transparency.
<b>Approach 3</b>	Same as existing transparency framework including NDC progress metrics	Same as existing transparency framework		Yes	Bottom-up flexibility with progress reporting on NDCs.
<b>Approach 4</b>	Same as existing transparency framework including NDC progress metrics	Same as existing transparency framework; gradually converging	Converging review process with enhanced capacities	Yes	Bottom-up flexibility; progress reporting on NDCs; converging review with enhancing national capacities over time thereby improving transparency.

1. National institutions for transparency-related activities should be strengthened in line with national priorities and bring in place a mechanism that ensures improvement of transparency over time, such as,

- Track and report various policies and programmes through a common reporting template capturing progress on NDC targets.
- Mechanism preferably with national legal mandate and powers to collect information so as to create and generate GHG inventory on a frequent cycle, information on all sectors, all gases, preferably at sub-national level.
- Mechanism to assess and monitor the existing financial requirements/flows to effectively implement programmes and strategies envisaged under the long-term mitigation and adaptation strategies.

2. Build national capacity for:

- Assessment of existing institutional capacities to implement the robust MRV framework.
- Identification of key areas where clean energy can be defused in the country.
- Identification and assessment of key areas where country's capacities need to be built in order to be prepared to implement the Paris Agreement effectively.

In conclusion, it is important that negotiators operationalize flexibility into the ETF in the light of capacity building needs of a country to effectively implement Paris Agreement.

## Abbreviations

**A1:** Annex 1 countries

**APA:** Ad Hoc Working Group on the Paris Agreement

**BR:** Biennial Report

**BUR:** Biennial Update Report

**CoP:** Conference of Parties

**ERT:** Expert Review Team

**ETF:** Enhance Transparency Framework

**FSVs:** Facilitative Share Views

**GHGs:** Green House Gases

**IAR:** International Assessment and Review

**ICA:** International Consultation Assessment

**IPCC:** Intergovernmental Panel on Climate Change

**LDCs:** Least Developed Countries

**MA:** Multilateral Assessment

**MPGs:** Modalities, Procedures and Guidelines

**MRV:** Measurement, Reporting and Verification

**NA1:** Non-Annex 1 Countries

**NAMAs:** National Appropriate Mitigation Actions

**NATCOM:** National Communications

**NDCs:** Nationally Determined Contributions

**SBI:** Subsidiary Body for Implementation

**SBSTA:** Subsidiary Body for Scientific and Technological Advice

**SIDS:** Small Island Developing States

**TTE:** Team of Technical Experts

**UNFCCC:** United Nations Framework Convention on Climate Change

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