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**SUBMISSION BY THE**

**GREENHOUSE GAS MANAGEMENT INSTITUTE**

**Views on issues under 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 Greenhouse Gas Management Institute (GHGMI) is pleased to provide its views on the informal note by the co-facilitators on agenda item 5 of the Ad Hoc Working Group on the Paris Agreement (APA) titled “Modalities, procedures and guidelines (MPGs) for the transparency framework for action and support referred to in Article 13 of the Paris Agreement”<sup>1</sup>. We appreciate the continued support of the APA in inviting admitted observers to provide views and proposals on the work of the APA before each session<sup>2</sup>.

GHGMI is a non-profit organization dedicated to training tomorrow’s experts on the principles, concepts and techniques to manage and credibly account for greenhouse gas (GHG) emissions and removals. Over the past decade, GHGMI has worked with over 3,000 experts from more than 160 countries with a collective goal to develop, and continually reinforce the necessary skills to nurture a professional community that is capable to measure, report and verify GHG emissions at the national, corporate and project level. Our team has been personally and actively involved in the reporting and review of national GHG inventories, and therefore has first-hand knowledge of what has worked in terms of national reporting and review, and where further efficiencies can be realized.

**Looking back to develop a strong system moving forward**

Transparency is a key element of the Paris Agreement (PA). Without the regular and public availability of emissions and removals trends for each Party, it is impossible to determine whether Parties are on a path to meet the temperature goals of the PA.

The informal note refers to “building on and enhancing the transparency arrangements under the Convention, recognizing that the transparency arrangements under the Convention shall form part of the experience drawn upon for the development of the MPGs”. This same sentiment is echoed in the PA (Article 13, paragraph 3<sup>3</sup>).

“Building on and enhancing” the current practices of the Convention and the Kyoto Protocol, does not mean to combine the MPGs for the current reporting and review processes taking place under the Convention and the Kyoto Protocol and simply add in the guidelines for reporting and review of the additional elements under the PA (e.g. the nationally determined contributions (NDCs)). Rather it is essential to fully evaluate the current reporting and review processes to address their known challenges<sup>4</sup>, and develop MPGs that promote the effective and efficient review of all information under the new PA, recognizing the increased scale (e.g., number of countries) and complexity (e.g., types of data) it entails.

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<sup>1</sup> Available at [http://unfccc.int/files/meetings/bonn\\_may\\_2017/in-session/application/pdf/apa2017\\_i5\\_informal\\_note\\_by\\_the\\_co-facilitators\\_.pdf](http://unfccc.int/files/meetings/bonn_may_2017/in-session/application/pdf/apa2017_i5_informal_note_by_the_co-facilitators_.pdf).

<sup>2</sup> FCCC/APA/2017/2, para. 34.

<sup>3</sup> Unless otherwise specified, the articles in this submission refer to the articles of the Paris Agreement.

<sup>4</sup> See the latest reports to the SBSTA from the Lead Reviewers of annual GHG inventories submitted under the Kyoto Protocol and for the review of biennial reports and national communications (FCCC/SBSTA/2016/INF.12 and FCCC/SBSTA/2016/INF.8, respectively)

Any inefficiencies that exist now in the reporting and review processes will almost certainly be magnified when we bring in all countries under the PA.

We strongly urge that Parties consider two overarching questions as they develop the MPGs:

1. What GHG and related information genuinely needs to be reported and substantiated by Parties to implement the PA, and at what frequency?
2. How do we develop and sustain a review process that generates public, scientific, and political confidence in reported GHG emissions and removals, assertions regarding NDC implementation, and the capability of Parties to meet their NDCs, without overly burdening Parties and the UNFCCC secretariat?

**We appreciate that there is very little time between now and COP 24. Although the easiest path forward may be to tweak the current reporting and review guidelines for the submission of GHG inventories, national communications (NCs), the biennial reports (BRs) and biennial update reports (BURs), as opposed to conducting a fuller review and assessment, we believe that this would be a mistake.** We encourage Parties to carefully consider the challenges in the current reporting and review processes, and develop MPGs that introduce solutions. The easy path, in our judgment, places the PA at a high risk of failure.

#### **Current challenges with the reporting and review processes**

1. **Several Parties do not currently meet the deadlines for reporting of national GHG inventories, NCs, BRs and BURs.** Based on the information on the UNFCCC webpages for NCs<sup>5</sup> and BURs<sup>6</sup> for developing countries, it is clear that not all submissions have been received in accordance with the agreed deadlines. This problem does not apply only to developing Parties. The lead reviewers (LRs) for BRs, in their report to the SBSTA, noted that “delay in the submission by 15 Annex I Parties of the textual parts of their BR2s and/or BR common tabular format (CTF) tables by the due date of 1 January 2016, hampered the effective organization of their reviews”.<sup>7</sup>
2. **Annual review reports for GHG inventories are not published within a year.** Delays in the publication of an annual review report means that a Party would submit the following year’s GHG inventory before the review of the previous submission has been concluded. During the reviews of the 2016 annual inventory submissions, slightly less than 1/3 of all reports were published before the 15<sup>th</sup> April 2017, when the 2017 submissions were due, and none of those reports were published before March 2017. It is not realistic to believe that Parties have sufficient time to fully implement recommendations from one year to the next, even if reports were finalized within the agreed deadlines in the current reporting guidelines. Many Parties are already conducting internal reviews approximately 6 months prior to the submission due date. The new guidelines should recognize these realities.

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<sup>5</sup> [http://unfccc.int/national\\_reports/non-annex\\_i\\_natcom/items/10124.php](http://unfccc.int/national_reports/non-annex_i_natcom/items/10124.php)

<sup>6</sup> [http://unfccc.int/national\\_reports/non-annex\\_i\\_natcom/reporting\\_on\\_climate\\_change/items/8722.php](http://unfccc.int/national_reports/non-annex_i_natcom/reporting_on_climate_change/items/8722.php)

<sup>7</sup> FCCC/SBSTA/2016/INF.8, paragraph 30. Available online at <http://unfccc.int/resource/docs/2016/sbsta/eng/inf08.pdf>, paragraph 30

3. **There are not enough experts available to support the review processes.** The UNFCCC secretariat noted in its report to the SBSTA in 2016 that coordination of reviews was “hampered by the significant rate at which the invitations to participate in the reviews were declined. In total, of the 177 experts invited to review the GHG inventories in 2016, 64 declined (56.6%).”<sup>8</sup> Reasons cited included: lack of interest or time in participating in the reviews; lack of financial support provided to the experts from Annex I Parties, where the cost of participating in the reviews is usually covered by the nominating Party, the fact that the “roster of experts” from which the secretariat is able to identify experts is outdated and some nominated experts lacked the relevant competencies, and other priorities. The ratio of available experts to invited experts will dramatically worsen under the increased demands for review under the PA, if this is not addressed. This problem alone may be sufficient to prevent an extension of the existing review processes for GHG inventories, NCs, BRs, and BURs from being a viable option for implementation of the PA.
4. **Need to improve the workflow of the review processes and user friendliness of software tools to support the reviews.** The LRs noted workflow and tools as specific challenges in the current review processes. There is a need to enhance existing, and/or build new workflow procedures and tools that (1) support efficient reporting by all Parties of their submissions, (2) assist the ERTs and the public to analyze the data and information submitted in a timely manner, (3) serve as a repository of GHG information submitted, and (4) document (for internal purposes) the exchange of information between ERTs and Parties.

## Recommendations

1. **Consolidate the reporting of information.** Currently Annex I Parties submit a GHG inventory annually, a BR every two years, and an NC every 4 years. When the BR and the NC are due in the same year, the BR can be included as an annex to the NC or as a separate report.<sup>9</sup> Similarly, developing countries are to submit a NC every four years, and a BUR every two years. These timelines lead to some duplication of information in the various submissions, for example, between the GHG inventory and the BR/NC, and between the BR or BUR and the NC. Instead of just continuing the current timelines, and adding the submission of information into the reports to track progress on the implementation of their NDCs, the information could be consolidated into fewer reports. Specifically:
  - a. **Submit a GHG inventory methodology report once, and update only as necessary:** It is not uncommon to see national inventory reports from Annex I Parties of 500 pages, with some over 1000 pages. These reports are currently produced every year, and take significant time for the Party to produce and an ERT to review. The majority of the information in these reports remains unchanged as methodologies do not vary much from one submission to the next. All Parties should be required to submit a separate methodological report to the UNFCCC that describes the inventory methods used, sources of activity data and emission factors, and the uncertainty analysis. Once submitted, the Party would update it only when there are methodological changes.

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<sup>8</sup> Ibid, paragraph 18

<sup>9</sup> Decision 2/CP.17, paragraphs 13-15.

- b. **Submit an annual summary of GHG emissions information.** The regular, public availability of summary-level GHG information has two primary benefits. Firstly, it promotes transparency; providing a snapshot of national and global progress towards the overall target. At the same time, the need to produce annual estimates promotes the building and maintenance of institutional capacity in a country- important for the sustainability and overall effectiveness of the very system we are trying to build. While it may not be possible for all Parties to meet such a requirement initially, the Parties could implement a process with a view to achieving this periodicity within a certain time frame.
- c. **Submit biennially, a report containing the information in the annex to the informal note on agenda item 5.** Parties could submit one “Country Progress Report on the Implementation of [Party’s] Nationally Determined Contribution” which contains all relevant information related to the GHG inventory, tracking progress in implementation of the NDC, adaptation, and means of implementation as follows:
- i. Detailed category-level GHG inventory information,
  - ii. Information necessary to track progress made in implementing and achieving its nationally determined contribution under Article 4 of the Paris Agreement,
  - iii. Information related to climate change impacts and adaptation under Article 7 of the Paris Agreement, as appropriate,
  - iv. Information on financial, technology transfer and capacity-building support provided under Articles 9–11 of the Paris Agreement, and
  - v. Information on financial, technology transfer and capacity-building support needed and received under Articles 9–11 of the Paris Agreement.

The general outlines as contained in the annex to the informal note could be retained, but information on “national circumstances and institutional arrangements” could be consolidated into one section of the report, and redundancies eliminated. For example, since the GHG inventory information would be included in the report, the “summary of GHG emissions and removals” that is currently included in the section titled “Information necessary to track progress made in implementing and achieving its nationally determined contribution under Article 4 of the Paris Agreement” would be removed.

- d. Consider whether there is really need for a larger report like the NCs every 4 years or if the information that is provided in the report referred to in (b) provides sufficient information for Parties to track NDC implementation and that they meet the goals of the PA. If done correctly, the reports in subitems (a) and (b) are sufficient.
2. **All Parties to report complete GHG inventories at the same level of category disaggregation.** We acknowledge and support the flexibilities granted by the PA for those developing countries that need it in the light of their capacities (Article 13 paragraph 2), and we recognize the special circumstances of the least developed countries and small island developing States (Article 13, paragraph 3). These flexibility provisions are already implemented in the 2006 IPCC Guidelines, which provide multiple tiers (i.e. methods) to estimate GHG emissions and removals. The use of these guidelines enable all Parties to provide complete GHG inventory data to facilitate the compilation of total global emissions that would underpin the assessment of whether Parties are meeting their collective commitments under the PA.
3. **Use a more recent base year for reporting trends.** Parties are currently asked to submit trends and recalculate emissions/removals going back to 1990, over 25 years ago. This becomes

increasingly challenging to do over time. For some countries, national circumstances were significantly different in 1990, making the necessary data collection impossible. For other Parties, mandatory reporting programs and emissions trading systems developed in more recent years have brought high quality data to the inventory, but it is difficult to apply the same methods back to 1990, so various modifications need to be done using the 2006 IPCC Guidelines to create a time series. We question the continued value of reporting emissions back to 1990, particularly when many countries are using more recent years as their base year under their NDC. We would encourage the use of a more recent base year for inventory reporting (e.g. 2005). Countries that have NDCs based on a 1990 base year could identify the equivalent target for 2005.

4. **Allow flexibility in the review process.** Flexibility for developing countries should be in how the ERT responds to what has been done by a country- whereas developed countries may get specific recommendations to address problems, the ERTs could work with the developing countries to develop a plan to improve the accuracy and completeness of the inventory over time. GHGMI fully supports the notion in the informal note that the MPGs should “facilitate improved reporting and transparency over time”. Just because all Parties may not be able to meet all provisions from the first year of reporting, should not discourage Parties from elaborating guidelines that ensure that the necessary information is reported and published.
5. **Strive to make the first review under the PA, at least for developing countries, an in-country review (ICR).** ICRs are extremely valuable for the host country, as they provide a Party the opportunity to sit with a group of experts, ask questions, identify issues, and discuss possible solutions. They provide real-time, focused, capacity building. While an ICR is relatively resource intensive, the benefits would outweigh the costs (see **Table 1** for cost estimates) as the ICR will put all Parties on a faster, more solid foundation, to completely and accurately estimating their GHG emissions.

Assuming that the first reviews under the PA likely will not take place until about 2023, there is time to ramp up support for this one-time effort. To facilitate all reviews, and noting the biennial submission suggested in recommendation 1, and the large number of expert reviewers needed (see recommendation 8) the ICRs could take place over a two- year period (or longer if there are delays in the initial submissions of Parties).

**Table 1. Estimated costs to conduct an ICR for all countries as the first review under the PA (excluding costs for the UNFCCC secretariat)**

Parameter	Value	Assumptions
# of reviewers	950	5 (reviewers per review)*190 (reviews)
Travel support to ICR	\$3,800,000	5 (reviewers per review)*\$4,000*190 (reviews)
Paying time of experts	\$ 6,650,000	950 reviewers *14 days per review (inc. before, during and after review week) *500/day
<b>Total Experts Costs</b>	<b>\$10,450,000</b>	

**Note:** This is a first estimate. Costs could be reduced by having fewer reviewers for small countries. Additional costs beyond the current business-as-usual would also be required by the secretariat. Although all countries are currently supposed to be subject to a biennial review or assessment (as well as an annual review of the GHG inventory for Annex I Parties) not all Parties have made the necessary submissions, and many reviews take place in a centralized location.

6. **Review procedures consist of electronic checks for all Parties, and full expert reviews once every 2-5 years, depending on specific criteria.** Recommendation #5 refers to the initial review being conducted in-country. Subsequent reviews may vary in their mode (e.g. in-country, centralized, or desk) and in their frequency. Although the details would need to be discussed, the idea is for all information submitted by Parties to first be subject to electronic checks by the secretariat. These electronic checks, and subsequent reports, would be designed to assess whether required information was submitted (yes or no) and, where feasible (e.g. GHG emissions and removals), whether there are outliers in the trends of information submitted. Parties would have the opportunity to resubmit their submission if errors are identified.

The latest biennial submission would also be subject to a full and complete review by an expert team once every 2-5 years. After the initial review, this could happen as in-country, centralized or a desk review. The format and the frequency of review could be determined by standardized criteria (e.g. Parties responsible for >0.5% of global emissions are reviewed biennially, those <0.5% are reviewed once every five years, or depending on the outcome of the previous review).

7. **Increase the number of review experts.** The lack of experts to support the review process is one of the biggest challenges in the review of GHG inventories, BRs and NCs. There are simply not enough experts to support the growing demand for their services. GHGMI sees several opportunities to expand the roster:
- a. **Expand the pool of review experts.** As noted in the Coalition on Paris Agreement Capacity Building strategy<sup>10</sup>, “[t]he scope mandated under the Agreement for reporting and review is unprecedented. Capacity building activities must support technical expert reviews by enlisting new qualified expert reviewers from developing countries to the UNFCCC roster of experts...However, targeting only experts nominated by their government will be insufficient. The Coalition seeks to extend training to capable experts beyond those typically identified previously by governments.” Instead of only including those experts nominated by a government to participate in reviews, we recommend allowing other experts to also be on the UNFCCC roster of experts upon providing proof that they have the necessary expertise/experience or after successful completion (including passing exams) of appropriate training courses.
  - b. **Ensure all reviewers are paid for their time.** Currently reviewers are not directly paid for their time to support the review. Annex I Parties support the travel and salary of their selected experts, while in the case of non-Annex I Parties, all experts are provided travel and daily subsistence allowances by the secretariat. In many cases, the current employer of the individual will pay the expert’s time, however, this is not always the case. This current model leads to a number of problems:
    - i. *Each government supports only a limited number of experts, if any.* Many current individuals on the Roster of Experts are technically qualified but are not able to get funding either because their government cannot support additional reviewers, or because the individual has moved to a different job and the new employer will not support the effort. Paying these reviewers would allow them the time to apply their valuable skills to the process. A fund could be established to support those experts in the review process who are not otherwise paid for their services by the nominating Party or the secretariat.

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<sup>10</sup> Available online at [http://capacitybuildingcoalition.org/wp-content/uploads/2016/04/Coalition-capacity-building-strategy-doc\\_hi-res.pdf](http://capacitybuildingcoalition.org/wp-content/uploads/2016/04/Coalition-capacity-building-strategy-doc_hi-res.pdf)

- ii. *Once reviewers return to their home country, their normal work responsibilities return and finalizing reports is not a top priority.* The time needed to finalize the review becomes more difficult to find, and when these reviewers are not paid for their time, the incentive to do the necessary work declines. If delivery of a review report were a condition for payment of services, then the quality and timeliness of the process would be enhanced.
  - iii. *It is difficult to find sufficient numbers of experts to support a desk review.* The latest GHG inventory review guidelines (decision 13/CP.20), allows reviews to take place via in-country reviews, centralized reviews, or desk reviews. While desk reviews are cost efficient (there are no associated travel or daily allowance costs), it can be particularly challenging to find reviewers willing to support a desk review when they neither get paid for their time nor are compensated in some form through the daily allowance.
8. **Enhance current, and build new, software tools to support reporting and review.** The new reporting and review guidelines under the enhanced transparency framework should include clear direction for the development of enhanced tools to support Parties, review experts, the secretariat, and the general public to have access to the latest GHG inventory information and assessments. Software tools should include:
- a. **Reporting software.** Such reporting software already exists for developed countries (the CRF Reporter), but a tool that supports both calculation and reporting should also be made available for developing countries.
  - b. **Data publication tool.** All the data reported in CRF tables should be made publicly available in a tool that can be queried. The reporting guidelines should include any necessary procedure for addressing confidential data issues.
  - c. **Review findings tool.** All review conclusions or recommendations should be made available in a tool that can be queried. This could help ensure consistency of reviews, but also support third parties in obtaining useful information on the types of challenges faced by multiple Parties, helping to guide capacity building efforts.
  - d. **ERT/Party communication tool.** This tool should document the discussions between the ERT and the Party over time. Although such a tool would not be made publicly available, by documenting discussions over time, both the Party and future ERT's would have a record of discussions that already took place, improving the efficiency of future reviews.

Thank you for the opportunity to provide input to the negotiations on modalities, procedures and guidelines for the transparency framework for action and support referred to in Article 13 of the Paris Agreement. There are many different variations of a reporting and review system that one can imagine, and that would support an enhanced transparency framework. Although the details of such a system will require further work by Parties, we believe three important criteria for the new system are: (1) consolidating the number of reports to be submitted by Parties, (2) requiring at least biennial reporting of information (except for least developed countries and small island developing States) with a view to reporting summary GHG information every year and (3) conducting biennial (or less frequent) review, depending on the specific circumstances of the Party (e.g. Parties with greater emissions would be reviewed more frequently).