Enhanced institutional arrangements for the Enhanced Transparency Framework

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Disclaimer

This PPT aims to illustrate possible issues to be addressed in developing so-called “Paris Rulebook”, especially related to Article 4, 6, and 13 of the Paris Agreement.

It should be noted that this PPT does not intend to prejudge an outcome of “Paris Rulebook”, since it is solely up to UNFCCC negotiation by all Parties.

But we expect discussions using this PPT will facilitate better understanding of issues and hence contribute to developing practical and sound “Paris Rulebook”, as well as build capacity for reporting.
Enhanced transparency framework requires enhanced institutional arrangements for reporting and review

**International Process**

- **International technical expert review** of inventories
- International communication
- **Global stocktake**, review of progress
- Domestic review/verification, to prepare NDC (every 5 years)
- Periodical report, avoidance of double counting
  - Biennial reporting (?)
  - Annual inventories and corresponding adjustments (?)
  - Market mechanism reporting
- Preparing inventory and national/NDC report
  - Continuous improvement
- Indicators setting for NDC implementation, target setting

**Domestic Process**

- National budgeting, tracking of progress, capacity needs assessment
- Data management system, reporting elements, IPCC templates, software, voluntary standards
- Data collection system, IPCC Guidelines, capacity needs assessment

**Infrastructure needed**

**Bold parts** are new processes for developing countries

- Future enhanced transparency MPGs (Art. 13)
- Guidance on global stocktake, ratchet-up mechanism (Art. 4, 13)
- UNFCCC guidance and formats (Art. 6, Art. 13, etc.)
Reporting of market mechanisms, which has not been comprehensively addressed by countries, can be enhanced through institutional arrangements.

Asian countries with CDM project activities, that reported in their national report (NC/BUR):

- There is not enough experience to report the use of international market mechanism in the Kyoto Protocol era.
- BUR guidelines recommend information on international market mechanisms, but does not mention avoidance of double counting.
- However, enhanced transparency framework should avoid double counting (Article 13), complemented by guidance for accounting of market mechanisms (Article 6).
- Market mechanisms and reporting are often implemented by different institutions/experts/negotiators, so domestic institutional arrangements and ownership is key for enhancing reporting of market mechanisms.

<table>
<thead>
<tr>
<th>Activity</th>
<th>Countries</th>
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<tbody>
<tr>
<td>Report credits buyer or project parties</td>
<td>2</td>
</tr>
<tr>
<td>Report credits/CER issued</td>
<td>11</td>
</tr>
<tr>
<td>Report estimated reductions from projects</td>
<td>19</td>
</tr>
<tr>
<td>Report registered projects</td>
<td>20</td>
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Total countries with CDM project activities = 24. (Total Asian countries: 38)
Reporting of market mechanisms can be integrated with the arrangements for preparation of inventory to create effective process

Guidance on reporting elements

- Development of Article 13 Modalities, Procedures, Guidelines (MPG) and Article 6 guidance

Institutional arrangements to build ownership for overall reporting

Preparation of national report (inventory and reporting market mechanisms) in a collaborative and iterative way
### Existing BUR guidelines can be a starting point for elements of enhanced reporting framework

#### UNFCCC biennial update reporting guidelines, COP17 Durban (decision 2/CP.17) (excerpt)

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
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<tbody>
<tr>
<td>I. Objectives</td>
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<td>II. Scope</td>
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<tr>
<td>III. National greenhouse gas inventory</td>
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</table>
| IV. Mitigation actions | 12. For each mitigation action or groups of mitigation ..., ...developing country Parties shall provide the following information to the extent possible:  
   (a) Name and description of the mitigation action, including information on the nature of the action, coverage (i.e. sectors and gases), quantitative goals and progress indicators;  
   (b) Information on methodologies and assumptions;  
   (c) Objectives of the action and steps taken or envisaged to achieve that action;  
   (d) Information on the progress of implementation of the mitigation actions and the underlying steps taken or envisaged, and the results achieved, such as estimated outcomes (metrics depending on type of action) and estimated emission reductions, to the extent possible;  
   (e) Information on international market mechanisms. |
| V. Finance, technology and capacity-building needs and support received |  |
| VI. Submission |  |
| VII. Updating the guidelines |  |
Institutional arrangements to build ownership can be based upon the existing foundations

Relevant key lessons from NC preparations, to enhance institutional arrangements for future preparation of NCs and BURs:

- Establishing national legal/formal arrangements, as appropriate
  - Designating formal coordinating body
  - Legal/formal mandate for coordinating body and other involved institutions

- Choosing and maintaining an appropriate coordinating body
  - Choosing coordinating body within the government
  - Recruiting and maintaining dedicated staff for reporting processes

- Stakeholders engagement
  - Clear mandates, roles, and responsibilities
  - Engaging broad range of stakeholders, non-government groups, and private sector

- In-country capacity building
  - Developing staffs’ internal technical capacity to avoid reliance to external experts
  - Building ownership
  - Institutional data archiving and transfer to successors

(UNFCCC Toolkit on Establishing Institutional Arrangements for NCs & BURs, 2013)

Stakeholders engagement and in-country capacity building can be the focus.
Some common aspects in reporting arrangements found in countries

- Collaborative and iterative process has been in place to some extent in the preparation of national report in some countries, mainly for preparation of inventory.

- All countries recognize that reporting market mechanisms under Kyoto Protocol and Paris Agreement will be different.

- There is no detailed requirement for reporting outcomes of market mechanisms (e.g. CERs) on NC or BUR, thus they are not reported. However, most countries have those data ready.

- Some guidance on reporting (e.g. template) is needed by most countries to help institutional arrangements.

(Findings from the Project’s in-country consultations in Thailand, Vietnam, Cambodia, and Lao PDR)
Collaborative and iterative process in preparation of inventory and reporting market mechanisms as key in stakeholders engagement

**Stakeholders – Role – Process**

**UNFCCC**

6. Submission by Focal Point

**Final report**

**MOE/Focal Point**

Coordinating Body, WG Chair

*Lead collaborative and iterative process*

1. Planning, budgeting
2. Data collection, archiving
3. Iterative internal review
4. Quality Assurance
5. Evaluation and needs assessments

**All WG, provide national data**

**Report Consultant**

Assist editorial writing, scheduling

**Third Party**

Share progress of UNFCCC negotiations

**National Statistics Office**

**MOE/Forestry Office**

LULUCF WG, manage REDD+ projects

Manage reporting of market mechanisms

**Ministry of Energy**

Energy WG, provide national energy data

Budgeting, climate finance

**Ministry of Industry**

Direct communication, email, meetings

Provide data on market mechanisms projects

**Ministries’ market mechanisms office**

**“Communication group”**

**MOE/Focal Point**

Coordinating Body, WG Chair

**Ministry of Foreign Affairs**

**Ministry of Economy, Finance**

Provide data related to activities

**Companies**

**Other Ministry(ies)**

**Sub-national government**

*this chart is non exhaustive*
There are various ways to enhance institutional arrangements for enhanced reporting process

- An enhanced legal mandate for governmental agencies to cover provision of necessary data and data quality assurance
- Decentralize the system: implement inter-ministerial data collection and review in an iterative manner
- Establish “Communication group” of sectoral data experts from governmental and non-governmental agencies
- Online Data Portal (under development in Costa Rica and Thailand)
- Upload to a website (Japan)
- Maintain master data folder with backup (simplest but risky)

- Quality assurance by third-party entities is ideal
- National consultation is helpful
- Record challenges faced during the data collection and calculation
- Capacity needs assessment and improvement planning
Some good practices to enhance ownership in countries

To some extent...

Iterative process (internal reviews) between reporting team members

Clear division of roles

Inter-ministry kick-off meeting and periodical meeting (for inventory)

Becoming common...

Stakeholders engagement for data collection, incl. from private companies

Improvement planning and capacity needs assessment

To be enhanced...

Updating results of international negotiation processes

Review process by third-party

(Findings from the Project’s in-country consultations in Thailand, Vietnam, Cambodia, and Lao PDR)
Summary

Guidance on reporting elements

- ETF MPG should be built on the existing arrangements and capacity for national reporting (BUR, etc.)
- More detailed reporting guidance (e.g. template) are needed by countries to help institutional arrangements, e.g. for effective data collection process.

Institutional arrangements to build ownership for overall reporting

- Capacity building activities and improvement planning on institutional arrangements for reporting can focus on enhancing stakeholders engagement and building capacity of country staffs and system.
- Various ways to enhance institutional arrangements were identified.

Preparation of national report in a collaborative and iterative way will enhance reporting under the new ETF

- Collaboration between coordinators of market mechanisms and national reporting are key for enhancing reporting and meet the ETF requirements, including for reporting the use of market mechanisms.
Thank you to all partners for your cooperation
Let’s avoid double counting!

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