Briefing

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Policy pointers

Least Developed Countries (LDCs) could prepare to transition to the new enhanced transparency framework (ETF) by submitting a Biennial Update Report, learning by doing and becoming 'ETF-ready'.

Given LDCs' unique capacity constraints, the Consultative Group of Experts should consider developing bespoke training to implement the ETF as part of their renewed mandate (2019–2026).

LDCs need support to develop greenhouse gas inventory expertise. Local universities in LDCs could be allies to build national capacity, lessening dependency on foreign consultancies.

LDCs should develop functional monitoring, evaluation and learning systems to track progress in adaptation and inform future nationally determined contributions.

Meeting the enhanced transparency framework: what next for the LDCs?

The enhanced transparency framework (ETF) of the Paris Agreement requires all countries to report information demonstrating progress towards their nationally determined contributions (NDCs) every two years. Countries must also report climate finance provision, adaptation to climate change and, for the first time, how they have tackled loss and damage. The modalities, procedures and guidelines (MPGs) agreed at COP24 give countries detailed guidance on reporting all these aspects and, crucially, how their information will be reviewed. These rules effectively translate the ETF into action. With the MPGs now adopted and the first ETF reports due by 2024, countries need to prepare to meet the stricter standards of this enhanced framework. This briefing describes some of its key features and implementation challenges in Least Developed Countries (LDCs), exploring opportunities to reflect its ambition and priorities.

The MPGs spell out the specific information that all countries will need to include in their Biennial Transparency Reports (BTRs) from 2024. They also explain the rules for the review of these reports by the Technical Expert Review system.

Although the MPGs are a single common set of requirements for all countries, exceptions are sometimes permitted for developing countries that need it in light of their capacities. LDCs and Small Island Developing States have the added flexibility of submitting BTRs at their discretion because of their unique capacity constraints. All other developing countries are expected to apply the guidelines in full and submit their BTRs by 2024 at the latest. At this point, the existing transparency reports — Biennial Update Reports 'BURs' (to be prepared by developing countries) and Biennial Reports 'BRs' (required from developed countries) — will be replaced by the single BTR format.

Compared with current requirements,[1] reporting under the ETF will place additional demands on national transparency arrangements. In the context of some developing countries, this entails moving away from fragmented processes to integrated, robust and uniform systems for data collection. These systems will be necessary to track progress against mitigation goals contained in NDCs, as well as to capture progress on adaptation, the latter being an important component for many LDCs. As the ETF covers reporting not only these particular actions to tackle climate change but also the assistance received to deliver them, better tracking of outward and inward flows of climate finance will be equally fundamental.

LDCs need long-term support in implementing the ETF strongly over time

A well implemented ETF will be an essential driver for aligning increasing ambition with the long-term Paris Agreement goals. By tracking and reporting on the success and implementation challenges of their climate pledges, countries will have the necessary information to strengthen their ambition in the future and identify new priority areas for action, along with the resources needed to ensure that each NDC cycle builds on the previous one. Importantly, outputs from the reporting and review process under the ETF will be a source of information for the Global Stocktake (GST).[2]

Some developing countries have already reported on mitigation, support and adaptation actions in current transparency reports. However, this has not happened frequently, consistently or, in many cases, in enough detail. Compared with other developing countries, LDCs' experiences are very limited: only 3 out of 47 countries have submitted a BUR so far.[3]

Although LDCs have always pushed for a robust ETF, they have also stressed the constraints faced and their need for long-term support in implementing it as strongly as possible over time. By highlighting key differences between existing requirements and the enhanced framework, the following section reflects on the possible challenges for LDCs in complying with the ETF. It also considers the opportunities it brings to these countries and other vulnerable nations.

What changes with the new MPGs?

Transparency of mitigation. The MPGs require all countries to report greenhouse gas (GHG) inventories biennially.[4] These provide a comprehensive picture of human-made national emissions and removal of sinks, making them crucial for tracking progress towards most NDC targets.

Developed countries' extensive experience of GHG inventories and associated technical reviews have helped them enhance their institutional arrangements and improve data quality over the years.[5] In contrast, developing countries, particularly LDCs, have submitted far fewer GHG inventories and have not consolidated the institutions, human resources and data availability needed to produce them on a regular basis. Indeed, many rely on foreign consultants to prepare their inventories, leaving gaps in national expertise.

For the elaboration of inventories, LDCs have identified challenges related to data access: whether the lack of it altogether, not having it in an electronic format, or absence of time series data. There are also the following related quality issues: reliability, lack of disaggregation or lack of primary source data (Box 1).

The MPGs strengthen rules for preparing national GHG inventories and tighten reporting requirements for developing countries. For instance, information such as key category analysis, uncertainty assessment and consistent time series are currently 'encouraged' under existing transparency requirements but will be 'required' under the ETF. Similarly, the MPGs increase the required number of GHGs to report on from three to seven, and the last reporting year of data from four years (x-4) prior to the submission of the inventory to two (x-2).[7] The MPGs also establish that all countries must use the IPCC's 2006 guidelines for the preparation of their GHG inventories (and any subsequent refinements) instead of its 1996 guidelines, which are more flexible and still used by some LDC countries.

Although specific flexibilities are available for the preparation of GHG inventories — such as using a lower threshold for key category analysis, reporting on at least three of the seven gases, or using x-3 data instead of x-2 — it is important to remember that these are not outright flexibilities. This means countries applying them need to explain the constraints that justify their use and provide timeframes for improvements.

Under current transparency requirements, developing countries are encouraged to provide information on their actions to mitigate climate change and progress towards them, to the extent possible.[8,9] However, the ETF requires them to account for and report on the actual implementation and achievement of mitigation pledges. Another new requirement is for BTRs to carry a structured summary section that contains comprehensive evidence of NDC progress including the accounting approach used and information on indicators selected to track progress.

The choice of relevant indicators is important because, unlike Kyoto Protocol commitments, NDCs under the Paris Agreement are highly varied: quantitative, qualitative or both. For example, net GHG emissions (shown in a national GHG inventory) can clearly indicate progress with respect to an absolute GHG emission reduction target. However, some NDCs are expressed in qualitative non-GHG terms. This includes the creation of institutions or the establishment of policies, strategies, actions or laws designed to tackle climate change. LDC countries, which often use such qualitative targets, will need suitable indicators to track related progress (see Box 2).

Transparency of adaptation and loss and damage. While transparency arrangements have historically focused on mitigation, the MPGs include clear rules for optional adaptation reporting. This is a positive step for raising the profile of adaptation and an opportunity for LDCs, whose NDCs nearly all contain adaptation components.

MPGs invite countries to report on adaptation barriers and information on the financial support needed for adaptation. The process of gathering data for analysis and reporting under the ETF can help LDCs identify and measure adaptation needs, fill knowledge gaps and prioritise areas for further external support. Adaptation reporting can in fact help attract international support that is based on the priorities communicated by countries themselves.

The MPGs also ask countries for information on the use of domestic monitoring and evaluation (M&E) systems for adaptation. Having these is vital for taking stock of implementation of adaptation measures, encouraging learning on their effectiveness and providing inputs for the GST through the ETF. Importantly, learning from monitoring systems can inform adaptation planning and the revision of any adaptation component in future NDCs. However, despite the importance of adaptation, many countries — including LDCs — have not yet developed functional M&E systems or indicators to potentially track progress in adaptation action.

A key distinctive feature of the ETF is that it provides the opportunity for countries to report how they have tackled loss and damage — a significant issue that has never been part of international transparency arrangements before. This means LDCs and other vulnerable nations will be able to regularly communicate information on loss and damage as a stand-alone subject and feed this into the GST through the ETF. Despite this promise, the lack of international reporting experience on this matter so far presents a challenge. The MPGs give no guidance on the specific information countries could provide, such as the types of data and evidence to collect and include in their BTRs to support loss and damage claims.[10]

Adapting to climate change and addressing loss and damage are fundamental priorities for LDCs. In the future, these countries will need support and methodological guidance to fully explore the opportunities provided by the ETF.

Transparency of support. The MPGs require developed countries to provide detailed information about the support they provide to developing nations in terms of climate finance, capacity building, and technology development and transfer. In turn, developing nations can report the support they receive and need at their discretion.

Identifying national climate needs is a challenging process and a full costing exercise could prove extremely onerous. However, such reporting could ultimately make international support more responsive to national priorities and necessities. In turn, information on the support received might help coordinate donor strategies and enhance transparency about its geographic distribution. For domestic purposes, having a clear picture of the climate funds received could also help countries prioritise sub-national allocation and broadly improve decision making and accountability.

Some LDCs have provided general information on their support needs in various areas within their NDCs as well as through Technology Needs Assessments. However, reporting on support received has very little precedent. There are significant challenges associated with information gaps. Climate finance is often received by the Ministry of Finance and then channelled to sub-national bodies, thereby dispersing data across multiple actors. It is also difficult to track flows received by non-government recipients. And crucially, most countries are still attempting to decide what counts as 'climate finance' as there is no globally agreed operational definition and the boundaries with broader development finance are not always clear.

Requirements from the ETF in this field should motivate the creation of methodologies and

Box 1. Specific capacity needs acknowledged by LDCs

- Training for civil servants on how to collect data
- Development of a continuous data collection and management system
- Teaching on IPCC software
- Access to hardware (computers and internet connections)
- Development of national GHG inventory expertise.[6]

Box 2. Examples of qualitative NDCs of LDC countries

- Preparing renewable energy strategies and regulations in Mozambique
- Developing a legal framework for long-term low-carbon development in Guinea Bissau
- Establishing a national secretariat for climate change in Sierra Leone.

Indicators can include:

- A description of the situation prior the implementation of the policy (for example, the percentage of renewable generation capacity, current fuel subsidies or energy use per square metre)
- Whether the policy has been implemented. This could contain qualitative information on progress, such as describing the planning, adoption and implementation stages of the activity.

systems for countries to track climate finance received. Furthermore, many elements in the NDCs of developing countries, including LDCs, are conditional on the financial support acquired. How countries plan to track this should be explored.

Bodies such as the Capacity-Building Initiative for Transparency (CBIT) could support capacity-building programmes for establishing national finance tracking systems. Peer learning among countries could prove very useful: Colombia and Nepal have developed bottom-up approaches to defining climate finance,[11] and important lessons could be drawn from Cambodia's impressive Official Development Assistance database, with information at different disaggregated levels.[12] Lao People's Democratic Republic (Lao PDR) is already being supported by CBIT to mainstream ETF requirements in existing budgetary processes to track climate finance.[13] Learning from these efforts would be extremely useful for other LDC countries. Finance reporting should not be seen as a burden but as an opportunity to increase accountability and attract more international support.

LDCs: preparing for a transition

The first BTRs are not expected until 2024. Until then countries will continue using existing BRs and BURs. There is therefore a short window of opportunity to prepare for this transition. LDCs could use this to submit BURs, engaging in learning by doing and identifying a roadmap to become 'ETF ready'.[14] A BUR development process, with subsequent consultation and technical review analysis, will help uncover gaps and identify the most critical capacity constraints to be addressed to meet the more rigorous standards under the ETF from 2024.

The Consultative Group of Experts (CGE) has a key role to play as the body mandated to support developing countries' implementation of the ETF, with training programmes to help them fulfil their reporting obligations. These programmes are regional, but the experiences and starting points among countries from the same region can differ. For example, Ghana, South Africa and Namibia have already submitted between two and three BURs, making them comparably much more experienced than any LDC. However, LDCs usually have similar economic, environmental and institutional contexts and show similar constraints, gaps and starting points. This situation should be taken into account in CGE training as part of their extended mandate (2019 to 2026), possibly with a view to developing bespoke support to LDCs.

Greater role for LDC universities. Many LDCs report acute gaps in the knowledge and skills to meet specific reporting requirements, expressing the need for capacity building for staff in relevant ministries and agencies. Local universities can meaningfully address this challenge: unlike foreign consultancy-led, project-based or one-off workshops, they are permanent places of learning and among the most sustainable institutions in many LDCs. They command unique convening and outreach power to impart training to individuals and institutions, with the ability to sustain and transfer knowledge on a regular basis. Bottom-up approaches like this could result in more sustainable frameworks for local capacity growth and ameliorate expertise lost through high turnover of staff in government offices.

In Lao PDR for example, the enhancement of GHG data collection arrangements is being furthered through the training of staff in line ministries and agencies. With the support of funding from CBIT, the University of Laos is helping build national cadres in this much needed technical area.

The Least Developed Countries Universities Consortium on Climate Change has ten affiliated universities. This indicates that LDC universities can potentially play a meaningful role in facilitating training and support to governments on a rolling basis when they are provided with support or partnerships to develop necessary expertise in this area.

Illari Aragon and Tshewang Dorji

Illari Aragon is a researcher in IIED's Climate Change Group. Tshewang Dorji is lead transparency negotiator for the Least Developed Countries Group and deputy chief environment officer of the National Environment Commission, Royal Government of Bhutan.

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Contact
Illari Aragon
illari.aragon@iied.org

80–86 Gray's Inn Road
London, WC1X 8NH
United Kingdom

Tel: +44 (0)20 3463 7399
www.iied.org

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Notes

[1] National Communication reports, emanating as an obligation under the United Nations Framework Convention on Climate Change (UNFCCC), Biennial Update Reports (BUR) for developing countries and Biennial Reports (BRs) for developed countries, originated as part of the Cancun Agreements. / [2] This process will assess collective progress towards the goals of the Paris Agreement every five years. / [3] Mauritania (2016), Togo (2017), Yemen (2018). / [4] Non-Annex I countries (developed countries) will continue to report these on an annual basis. / [5] Vaidyula, M and Rocha, M (2018) Tracking progress towards NDCs and relevant linkages between Articles 4, 6 and 13 of the Paris Agreement. OECD, Paris. Page 19. / [6] This draws on analysis prepared by Anna Schulz (unpublished) of National Communications and BURs submitted by LDCs. / [7] For example, with x-2 data, reporting in 2022 would cover emissions up to 2020. / [8] BUR guidelines, paragraphs 11 and 12. / [9] National Communications guidelines for Non-Annex I countries: 'Parties can provide information on programmes containing measures to mitigate climate change', paragraph 37. / [10] Puig, D, Bakhtiari , F, Calliari, E, Hossain, MF and Huq, S (2019) Loss and damage in the Paris Agreement's transparency framework. Technical University of Denmark, University College London and Independent University Bangladesh. Copenhagen, London and Dhaka. / [11] Guzman, S, Dransfeld B and Nettersheim, C (2017) Transparency of support received. Policy Brief. Climate Finance Advisory Service (CFAS). / [12] The Cambodia ODA database. Available at: http://odacambodia.com / [13] Lao People's Democratic Republic proposal submitted to CBIT, May 2018. Available at: www.thegef.org/project/strengthening-lao-pdrs-institutional-capacity-comply-enhanced-transparency-framework-under / [14] Fuentes, O and Harries, J (2019) Next Steps under the Paris Agreement and the Katowice Climate Package. GIZ, Eschborn.