International requirements for transparency of mitigation actions

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February 2014

Key points

• The transparency rules under the UNFCCC will require developing countries to report frequently, with national communications every four years and updates every two.
• First biennial update reports (BURs) are due end of 2014, with a first round of ICA expected by mid-2015.
• SA’s MRV system will build on the M&I and GHG inventories systems, which will be consistent UNFCCC guidelines for domestic MRV
• International consultation and analysis has two major components, technical analysis and multi-lateral consultation.
• Technical teams of experts will be mainly from developing countries, and can help identify capacity needs.
• The processes provide significant opportunity for learning and improvement.
Suggested citation:

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Transparency of mitigation actions is an important element of the climate change regime, as negotiated under the United Nations Framework Convention on Climate Change (UNFCCC). The focus of this report is to provide a concise description of the outcomes of the negotiations on transparency under the UNFCCC and their implications for South Africa. The first section of the report outlines the Cancun, or transparency, package for developing countries, the next identifies implications for South Africa, and the third section contains an assessment of South Africa’s preparedness (the latter provided by the Department of Environmental Affairs).

1. Decisions on transparency under the UNFCCC

1.1 Cancun package (from Bali, via Copenhagen and Durban to Warsaw)

The ‘Cancun package’ on transparency for developing countries agreed, in December 2010, on five elements for developing countries: ‘a work programme for the development of modalities and guidelines: facilitation of support to nationally appropriate mitigation actions through a registry; measurement, reporting and verification of supported actions and corresponding support; biennial reports as part of national communications from Parties not included in Annex I to the Convention; domestic verification of mitigation actions undertaken with domestic resources; and international consultations and analysis’. (UNFCCC 2010: para 66). A package was also agreed for developed countries, but this beyond the scope of this report.

The Cancun package was a step within a longer negotiating history. The concept of making mitigations ‘measurable, reportable and verifiable’ was agreed in the Bali Action Plan (UNFCCC 2007), with para 1b(ii) applying measurement, reporting and verification (MRV) to both actions by developing countries and support. The political deal by some world leaders reflected in the Copenhagen (2009) revolved around MRV and transparency to a significant extent, but was only noted by the Conference of the Parties (COP) to the UNFCCC. Domestic MRV of mitigation actions and international consultation and analysis (ICA) were key elements for developing countries; and the financial commitment by developed countries to ‘jointly mobilise’ $100 billion per year by 2020 was placed ‘in the context of meaningful mitigation actions and transparency on implementation’ (UNFCCC 2009). Cancun in 2010 formalised transparency under the UNFCCC. The Conference of the Parties (COP) in Durban completed guidelines on biennial update reports and international consultation and analysis (UNFCCC 2011b). It also added ‘measurement and reporting’ to the ‘verification’ of domestic MRV (M and R had not been listed in Cancun, only V). The package was completed in Warsaw in 2013 with work on the technical team of experts for ICA and domestic MRV.\(^1\)

The relevant decisions have been compiled into an indexed PDF file.\(^2\) The index notes in the PDF will guide readers to the relevant sections of the transparency package, and allow them to see the history more fully.

Figure 1 shows schematically how the various elements of the package relate to each other, and expected frequency.

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\(^1\) The formal title is long, ‘General guidelines for domestic measurement, reporting and verification of domestically supported nationally appropriate mitigation actions by developing country Parties’. It is abbreviated to ‘domestic MRV’ in this report, for ease of reference. It should be noted that the guidelines are general, and apply to actions funded by developing countries.

\(^2\) Available for download at [http://tinyurl.com/pewhrl4](http://tinyurl.com/pewhrl4)
Notes:

M&E = Monitoring & Evaluation, which is the domestic MRV system (to be institutionalised), will be consistent with UNFCCC general guidelines for domestic MRV

BUR = biennial update report. Sub-set of information in NC, mitigation elements only

NC = national communication. Effectively every four years. No separate BUR is needed in those years

ICA = international consultation and analysis. Frequency determined by BURs, therefore two years (but not necessarily every country every two years; see section 2.3 for further discussion. ICA consists of technical analysis and facilitative sharing of views, the information base are BURs (or the section in the NC).

→ solid arrows indicate one BUR is assessed every two years

-- > dashed arrows two BURs every four year

1.2 Related elements (not covered in detail)

Based on the request by the Department of Environmental Affairs (DEA) to focus on the international requirements with implications for South Africa, not all aspects are treated in detail. The following are mentioned only briefly in this section, for completeness:

- Registry: Listed as the first element of para 66 of decision 1/CP.16, the registry captures nationally appropriate mitigation actions (NAMAs) by developing countries and corresponding support. Another function is recognition, for which reason it is sometimes included under transparency. However, recording NAMAs in the registry is voluntary, and imposes no international requirement, and hence the registry is not included in this analysis. The opportunity lies in seeking support, but for this document, the narrower set of MRV requirements is considered.

- Work programme to further the understanding of the diversity of NAMAs: This work programme was also mandated separately to the ‘Cancun package’. It runs for 2013–2014 under the Subsidiary Body for Scientific and Technological Advice (SBSTA). While it might have developed some accounting rules (e.g. in relation to GWP values, sectors, gases and other elements), there appears to be little prospect that it will result in decisions on rules.
• Ad hoc Working Group on the Durban Platform for Enhanced Action (ADP): The ADP is tasked to develop the 2015 agreement (protocol, another legal instrument or an agreed outcome with legal force under the Convention applicable to all Parties. Elements include mitigation (as a single word, not distinguishing developed and developing countries) and transparency of action and support. The ADP work on transparency may add to the Cancun package, but is to be agreed ‘no later than 2015’ (UNFCCC 2011a).

• Of the five elements in para 66 of the Cancun decision (cited above), no substantive decision was reached on ‘measurement, reporting and verification of supported actions and corresponding support’. In the Durban decision (UNFCCC 2011b), international MRV of actions was considered to have been addressed by ICA, and the Standing Committee on Finance mandated to assist the COP with MRV of support.

2. Implications of transparency decisions for South Africa

In describing the implications of various decisions, the sequence is arranged starting from domestic MRV – which is the basis for any international reporting, to the biennial update reports (BURs), the technical teams of experts which will undertake the analytical part of ICA; and finally the multi-lateral consultation aspect of ICA. In other words, it is not arranged by the time when COP decisions were taken, but rather by the sequence of processes to be undertaken (see Figure 1 above). The first round of ICA is expected by mid-2015.

Following the completion of the transparency package, developing countries will build on their domestic MRV processes, submit information (BURs), which then are analysed by technical teams of experts (TTEs), following which there is a multi-lateral discussion. Together, the last two steps constitute ‘international consultation and analysis’.

2.1 Domestic MRV

COP 19 in Warsaw adopted general guidelines for domestic MRV of domestically supported NAMAs (UNFCCC 2013b). In the decision text adopting the guidelines, there is strong encouragement for developed countries to provide financial, technical (not technological) and capacity-building support to ‘interested’ developing countries. The aim is to address capacity-building needs, as nationally determined.

The guidelines do not constitute stringent requirements for South Africa. Protective language introducing the guidelines assures that they are ‘general, voluntary, pragmatic, non-prescriptive, nonintrusive and country driven’). So we do not have to do anything that we do not want to, but have agreed to report on our domestic MRV system, as part of ICA. In South Africa, the monitoring and evaluation (M&E) system is part of a system located in the Presidency. A climate-specific M&E system is the fundamental basis, together with the GHG inventory system, of all reporting.

The guidelines emphasise that we should use existing domestic processes, if they exist. These include ‘domestically available information, methodologies, experts and other aspects’, and since much exists in South Africa already, we will not need to establish any new system beyond the climate change M&E. In using that system and reporting on it we need to indicate the ‘institutions, entities, arrangements and systems involved’ in domestic MRV of NAMAs; to measure domestically supported NAMAs, including collecting information; and verify – which draw on domestic experts. The notion here is to make third-party verification more cost-effective, compared to Designated Operational Entities under the Clean Development Mechanism, for example. The requirement is to use domestic processes, though the guidelines do not preclude using international standards voluntarily – which South Africa in several instances already does (e.g. we have a South African National Accreditation System, and also use standards from the International Organization for Standardization, International Performance Measurement and Verification Protocol, etc.).
Rather than imposing stringent requirements, the domestic MRV guidelines are voluntary and offer an opportunity to build on existing domestic processes.

2.2 Biennial update reports (updates of national communications)

National communications (NCs) are a commitment that South Africa accepted when it ratified the UNFCCC. Under Article 4.1 (j), all Parties have commitments to communicate information related to implementation, which is elaborated in Article 12 of the framework treaty. In short, this include for all Parties (Art 12.1), greenhouse gas (GHG) inventories; description of ‘steps taken and envisaged’; and any other information the country considers relevant. Developed countries have additional reporting obligations.3 A key change is that the frequency of communications has increased on most elements, as agreed in Cancun (UNFCCC 2010).

The frequency of reporting to the UNFCCC was previously not specified, but will now be a national communication every four years, with updates in the form of BURs every two years in between.

In the years where BURs and NCs fall together, the BUR can be submitted as a summary part of the NC, or as a stand-alone report. Flexibility in timing is generally given to least developed countries (LDCs) and small islands developing states (SIDS), i.e. not including South Africa. A full NC includes sections on national circumstances, GHG inventory – a general description of steps taken or envisaged to implement the Convention, adaptation, mitigation, and other information.

BURs essentially update the mitigation section of NCs, so their scope is narrower.

The guidelines for BURs were adopted in Durban in decision 2/CP.17 (UNFCCC 2011b), and those interested in the full guidelines should turn to Annex III of that decision, read together with the decision text adopting them (operative paragraphs 39-44 and preambular). The guidelines will be revised after the first round of BUR/ICA, no later than 2017.

The scope of BURs is an update of the previous NC, on the following areas:

- national circumstances relevant to preparation of NCs;
- GHG inventory and inventory report;
- information on mitigation actions and their effects, including associated methodologies and assumptions;
- constraints and gaps, including support needed and received (for implementing actions);
- support for preparation of BURs;
- information on domestic MRV (i.e. the processes described in section 2.1); and
- any other information considered relevant by the country to the BUR

It should be emphasised that these are updates, so if no new information has become available, the country can choose to simply say so, or repeat the earlier information. The Durban decision also recognises that the extent of submission of BURs relates to support – i.e. if GEF funding for BURs is slow in forthcoming, developing countries can indicate they are unable to provide updates, or not on time. The BURs are subject to ICA, and so international technical analysis and a multi-lateral consultation will be conducted on the information presented.

The key information that may (not shall) be updated in BURs every two years relates to GHG inventories and reports; information on mitigation actions (indicators of implementation, emissions reductions where possible, any changes in methodologies or

3 Interestingly, developing countries have been able voluntarily under Article 12.4 to ‘propose projects for financing, including specific technologies, materials, equipment, techniques or practices that would be needed to implement such projects, along with, if possible, an estimate of all incremental costs, of the reductions of emissions and increments of removals of greenhouse gases, as well as an estimate of the consequent benefits’. The present writer is not aware of this opportunity ever have been made use of.
assumptions); any changes in support needed and received; and information on the domestic MRV processes. By providing such information more frequently, trends will be more clearly apparent over time.

BURs should be submitted electronically, as a single document, in English or another official UN language, to the UNFCCC Secretariat. Additional information may be added in other documents.

2.3 International consultation and analysis

The guidelines for ICA (as well as those for international assessment and review for developed countries) were adopted in Durban (UNFCCC 2011b), with the guidelines in Annex IV and the decision text in operative paragraphs 56–62 and preambular). The decision, as for the BUR, indicates that support will be needed for ICA and that this has implications for frequency; and gives flexibility to LDCs and SIDS. The ICA guidelines will be reviewed no later than 2017.

<table>
<thead>
<tr>
<th>BURs are the information bases for ICA. ICA has two major components, analysis and consultation. The first round of ICA consultation will likely be in June 2015.</th>
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ICA will start six months after the first BURs (so mid-2015 will be the first round), unless funding for BURs is delayed and delays the reporting, or TTEs do not conduct their work quickly enough. Since developed countries have shown strong interest in transparency, and ICA in particular, a reasonable expectation is that the first international consultation will be during the Subsidiary Body for Implementation (SBI) session in 2015 (early June in Bonn). The frequency of ICA “will be determined by the frequency of the submission of biennial update reports” (decision 2/CP.17, para 58(b)); which suggests every two years – unless more than one BUR is assessed at the same time; and / or different developing countries are not ready to submit BURs at the same time. Referring back to Figure 1 above, two options exist reflected in solid and dashed arrows. Either ICA occurs every two years, on every BUR; or ICA occurs (for a particular country) every four years, assessing both the BUR part of the previous national communication and the BUR from two years earlier. Only once ICA gets under way in practice will this become clearer.

2.3.1 Technical teams of experts under ICA

The 1st step of ICA is analysis of the BUR, conducted by TTEs, in consultation with the Party. The TTE will include a majority of experts from developing countries. It meets in a single location. Its tasks are focused on a complete check, technical analysis of the BUR as the main source of information, and on identifying capacity building needs to improve reporting. Providing technical information, additional to the BUR, is at the sole discretion of the country, and confidential information must be protected by the TTE. The draft summary report of the TTE is shared with the Party, and comments by the Party have to be taken into account and included in the final report. The finalised report is public, on the web site and noted by the SBI.

The TTE will work ‘in consultation with the Party concerned’ throughout. The information analysed by experts will be the BUR. Specifically, it should include ‘the national greenhouse gas inventory report, information on mitigation actions, including a description of such actions, an analysis of their impacts and the associated methodologies and assumptions, the progress made in their implementation and information on domestic measurement, reporting and verification, and on support received.’ (paragraph 3a of the guidelines in Annex IV (UNFCCC 2011b)). The country may provide additional technical information, and can ask for confidential information to be treated appropriately. The draft summary report by the TTE is shared with the country before it is finalised; and there are three months to comment and for the TTE to respond to comments. In plain words, the TTE cannot change information or adjust the BUR. If South Africa found that an error had helpfully been pointed out, it would be at its discretion to change the BUR, or correct the information next time. The summary report of the TTE, incorporation country comments, is finalised and sent to the SBI for the second step. It is a public report, on the UNFCCC web-site and noted in SBI conclusions.
Important details relating to the composition, modalities and procedures of the TTE were agreed in Warsaw (UNFCCC 2013a). The analytical work by the TTE is somewhat like, but different to, the work of expert review teams (ERTs) that review Annex I national communications. The key differences are that the Consultative Group of Experts (CGE) will form part of the TTE, and experts from developing countries will be the majority of TTE members, all serving in their personal capacity. Nominated experts have to successfully complete a CGE training programme. The main source of information is clearly the BUR; while the TTE might ask for additional information, providing additional technical information is voluntary. The TTE will undertake analysis of BURs at a ‘single location’; the decision appears to be silent whether the analysis would be conducted in-country. The phrase ‘single location’ is understood to allow a range of options, between those who sought only centralised reviews, and others arguing that countries should be allowed to request in-country reviews. ERTs may ask for additional information, which is not the case for TTEs. TTEs identify capacity-building needs, unlike ERTs. The Warsaw decision directs the TTE to focus on three aspects:

• identifying the extent to which the BUR includes the elements in the BUR guidelines (loosely, a completeness check);
• technical analysis of the information in the BUR, and any information voluntarily provided by the country (not on request); and
• identifying capacity-building needs to improve reporting. (UNFCCC 2013a: see paragraph 15a–c for exact language)

The TTE report will not include recommendations on how to improve reporting, but rather identify capacity building needs to improve reporting. That said, much of the experience with ERTs has been that they provide a real opportunity for learning and improvement of reporting; and engagement with TTEs also represents an important opportunity, not only a reporting requirement, but also for strengthening institutional arrangements and awareness to support an efficient reporting system.

### 2.3.2 Multi-lateral consultation in the SBI

The guidelines for ICA also include protective language, indicating that the multi-lateral consultation under the SBI will be ‘non-intrusive, non-punitive and respectful of national sovereignty’. Discussion on domestic policies and measures is specifically excluded. The aim is to ‘increase the transparency of mitigation actions and their effects’. The consultation is characterised as a ‘facilitative sharing of views’. ‘Facilitative’ indicates that it will not lead to any compliance or enforcement (whether the ‘review’ in IAR will do so, is doubtful).

The second step of ICA is a multilateral consultation in the SBI, which is a ‘facilitative sharing of views’, which is a 1–3 hour workshop session for each country or group of countries. The inputs are the country’s BUR and the summary report from the TTE. The output is a record of views shared.

The inputs to the consultation are thus the BUR and the summary report of the technical analysis by the technical experts.

The SBI will convene a workshop for the facilitative exchange of views, depending on how many BURs are available. The consultation is limited to 1–3 hours for each Party or group of Parties. Parties may request to go individually or in groups up to five. The country briefly presents its BUR, followed by oral questions and answers. That exchanges is reflected in a record; and the ICA process ends there for that round.
3. Preparedness of South Africa to respond to enhanced reporting requirements of the UNFCCC

3.1 Previous reports submitted by SA to the UNFCCC

To date, South Africa has submitted to the UNFCCC three GHG inventory reports; for the years 1990, 1994 and 2000; and also two National Communication in 2004 and in 2011.

These documents can be found on the UNFCCC web-site. While the DEA is leading the coordination, compilation and submission of these documents to the UNFCCC, in doing so, DEA has received widespread support and inputs from other government departments and institutions, civil society, business, and research organisations. Such broad participation has assisted the reporting of up-to-date and accurate information.

DEA, as the focal point for South Africa on climate change, intends to shift away from voluntary contributions to the GHG inventory, to a legal mandatory reporting framework. The legal mandatory reporting framework will improve the timeliness in the information that is provided for the compilation of these documents.

3.2 Reports that South Africa is preparing for submission to the UNFCCC

3.2.1 The Third National Communication

South Africa started in 2012 to prepare for its Third National Communication. Funding for the NC is provided by GEF, through UNEP. Currently, South Africa is in the final stages of accessing funding from GEF and UNEP. The first tranche of funding for this work is expected by June 2014. The process will, as previously, involve commissioned studies and broad participation.

South Africa plans to submit its Third National Communication in 2016.

3.2.2 The Biennial Update Report

The compilation of the first BUR document started in June 2013. Procurement of the service provider to undertake the work was completed in October 2013. Drafting of the document is scheduled to be completed in June 2014. Then the BUR will be subjected to an independent review, public comments and a Cabinet approval process.

South Africa has committed to submit its first BUR to the UNFCCC in December 2014, a deadline that is optional but applicable to all developing countries.

3.2.3 The greenhouse gas inventory

The fourth GHG inventory has been compiled and is scheduled to undergo an independent review from March to June 2014. The final draft of this inventory will be included in the BUR.

It is worth noting that, for the first time, South Africa will produce a GHG inventory that has a time series (2000–2010), so that trends in emissions are being documented.

3.2.4 The UNFCCC Registry

South Africa, like other developing countries, has an opportunity to respond to the call of the UNFCCC to submit its on-going and planned mitigation actions that seek funding to the UNFCCC Registry.

The Registry combines information on mitigation actions by developing countries with support provided by developed countries, to facilitate the matching of action and support. Currently, the

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4 The assessment in this section was drafted by Brian Mantlana of the Department of Environmental Affairs.

DEA, as the focal point for South Africa to the UNFCCC, is describing a process that will be followed by interested champions of mitigation actions, as they submit their mitigations for the UNFCCC Registry to DEA. The key objective of this exercise is to describe the criteria for projects that will be submitted to the Registry. This exercise will be completed in June 2014.

### 3.3 Institutional arrangements to support the compilation and finalisation of South Africa’s reports to the UNFCCC

| NCs are formal government communications to the international community, which are based on commissioned inputs and consultation within government and stakeholders. |

DEA outsourced the compilation of the First National Communication. The contracted reports made up the final National Communication. The South African National Biodiversity Institute (SANBI) was contracted by DEA to produce a report informing the Second National Communication. In turn, SANBI outsourced a range of specific inputs from different contributors. Similarly, the compilation and finalisation of all the GHG inventories was outsourced to private contractors. The DEA cannot compile GHG emissions, the BUR and the NC in isolation, so other relevant agencies, the private sector and government ministries play supportive roles in terms of data provision across relevant sectors. To date, the provision of data for all these reports has been done on a voluntary basis.

Well-defined institutional arrangements are crucial for the compilation of GHG emissions inventory, the BUR and the NC, as they form the basis of data flows between the data providers and the data receivers. The DEA is putting together a programme that aims to institutionalise the compilation of the above-mentioned reports. The overall system will comprise of the climate change response M&E and GHG inventory systems. The objectives of this exercise are (i) to describe the roles and responsibilities of different role players in the reporting, compilation and verification of the information that will be submitted to the UNFCCC; and (ii) to broaden the ownership of these reports beyond DEA. Designing, development and finalisation of the national system for UNFCCC reports is scheduled to take place from 2014 to 2016. DEA, with support from other government departments, is involved in the drafting of regulations for mandatory reporting of GHG emissions. The finalisation of this exercise is scheduled for 2014/15 financial year.

| South Africa is institutionalising the national system, based on M&E and GHG inventory systems, that will support a timely and accurate reporting in light of the increased reporting obligations. This process will also describe the roles of different role players and broaden ownership of these reports beyond DEA, running over the next three years (2014–16). |
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