



“Building Armenia’s National Transparency Framework
under Paris Agreement” UNDP-GEF Project/00110252

Training Day 2 | Session 6

MRV Of Support Needed and Received

Session Structure

Section 1

Introduction to section

Section 2

Presentation (20 minutes)

Section 3

Break-out rooms for group assignment (20 minutes)

Section 4

Discussion (10 minutes)

Section 5

Presentation Q&A and close (5 Minutes)

Section 1

Introduction to section

The Trainer

Andreas Biermann



Andreas is a climate finance and mitigation professional with extensive technical expertise, a wide experience and a focus on climate change and climate finance.

With a long track record in managing the development of GCF and GEF projects for EBRD, followed by two years as Deputy Director for Mitigation at the Green Climate Fund he is widely recognised for his ability to work with governments and development partners in bringing green and sustainable finance to the fore, delivering real environmental change through the provision of new financing options.

During his career, Andreas has worked with numerous governments and multilateral agencies across the world and in very diverse country contexts with a strong focus on the transition region.

Andreas is currently an MSc candidate at the School of Oriental and African Studies in London (UK). His thesis project focuses on the interaction between climate and national development policies in Armenia

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Day 2 Specific MRV Approaches with Reference to Armenia

Session 1

MRV of Support Needed
and Received

Trainer: Andreas Biermann

Content Overview

- Importance of MRV of support needed and received
- Methodologies recommended and international experience
- Climate Funds and Climate Finance Instruments
- Comparison of mitigation and adaptation approaches across the spectrum

- MRV of support needed and received is a derivative of MRV of climate actions
- Countries receive support from a range of sources, including inter alia multilateral funds, philanthropic sources, bilateral donors
- UNFCCC has a reporting framework for this support for reporting by recipient
- OECD DAC is tracking support by asking donors to report
- Key challenge is to establish a comprehensive tracking system at country level
- Important to recognise that reported numbers in different systems maybe impossible to reconcile
- Focus is therefore on country training
- Module content:
 - Biennial report
 - OECD DAC and Rio Markers
 - Support sources to be considered
 - Impact definitions

MRV State of the Art in Armenia

Development of Background Information for Climate Change Monitoring, Reporting and Verification (MRV) Platform Design

Final Report for UNDP-GEF Project (CBIT Project)

March 2022



Section 2



Presentation

The Biennial Transparency Report

Why should Armenia track support needed and received?

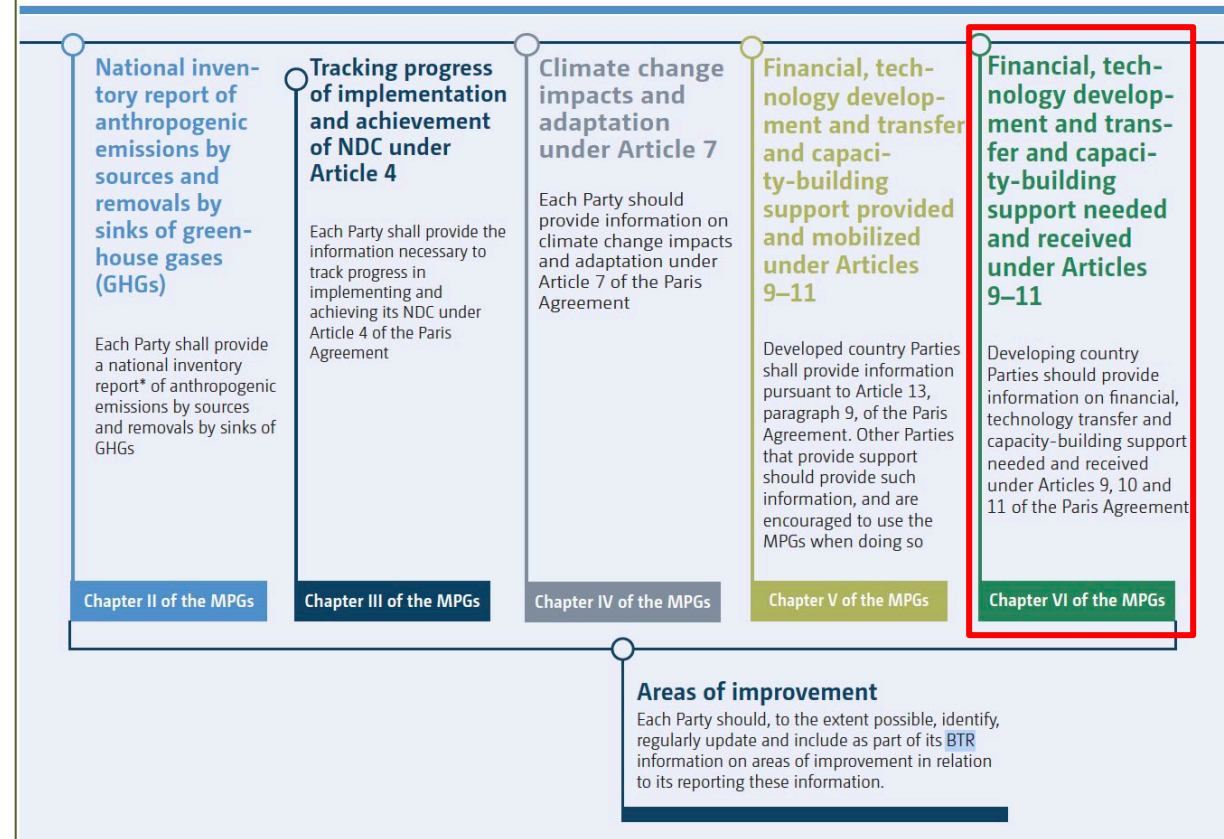
Governing rules

- *The Enhanced Transparency Framework (ETF)* (presented in Article 13 of the Paris Agreement) establishes some of the new reporting requirements under the Paris Agreement.
- The ETF mentions both what needs to be reported and what requirements there are for reporting.
- Reporting under the ETF is encouraged to take place every two years (starting from 2024) in the form of **Biennial Transparency Reports (BTRs)**.

Figure 3

Information to be reported in the biennial transparency report⁶

⁶ Decision 18/CMA.1, annex, paragraph 10.



*National inventory report may be submitted as a stand-alone report or as a component of a biennial transparency report (paragraph 12 of chapter II of MPGs) and consists of a national inventory document and the common reporting tables (paragraph 38 of chapter II of MPGs).

Note: Chapters in this figure refer to those corresponding chapters contained in annex to decision 18/CMA.1.

Why should Armenia track support needed and received?

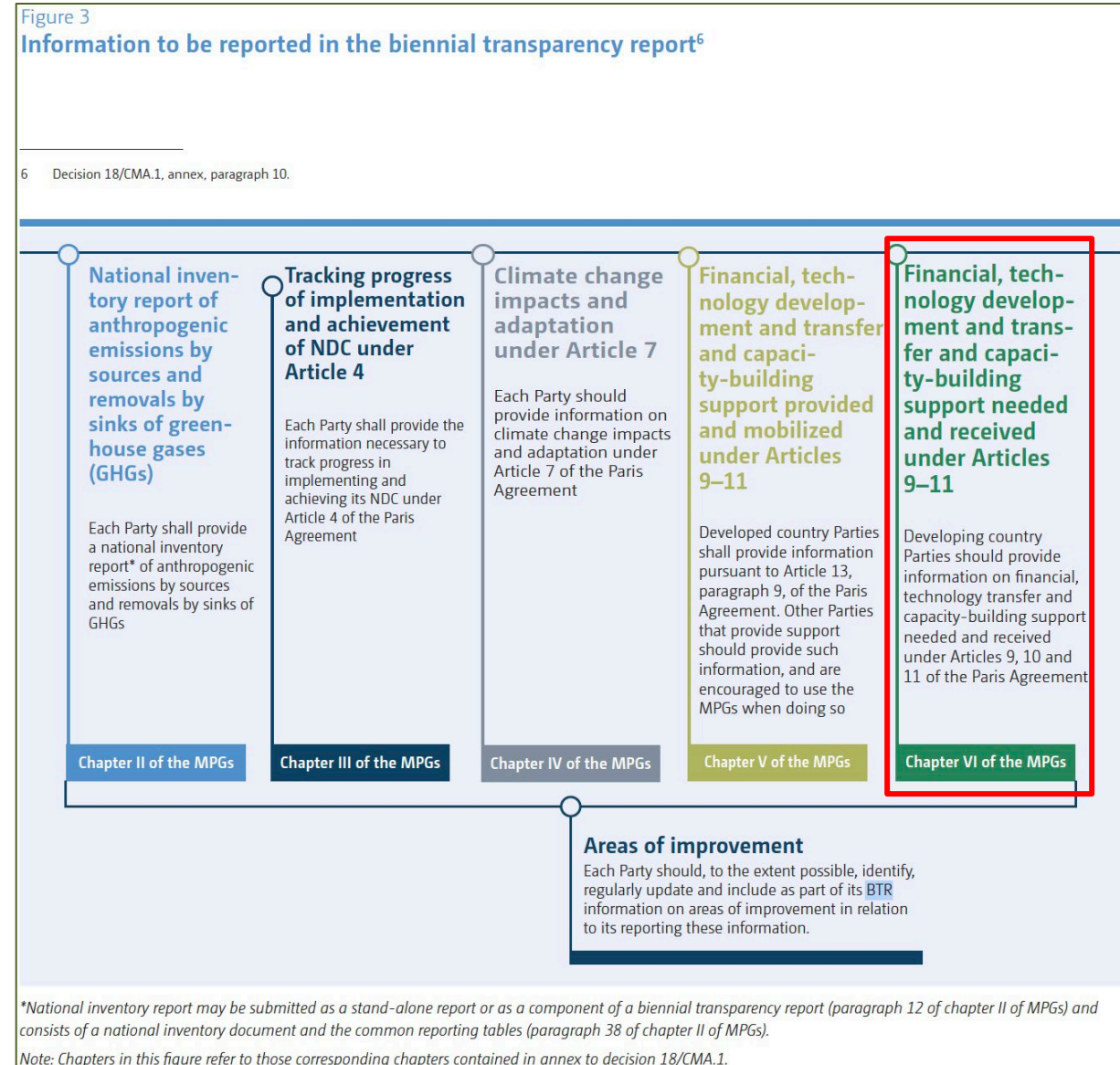
The NDC and other documents set out Armenia's support needs in terms of delivering the NDC. These can relate to:

- Finance
- Technical know-how
- Capacity

At present, there is no active reporting requirement for these, and there is no guiding framework for reporting. An update is provided in the BUR, most recently BUR3 in 2021

By 31 Dec 2024, the ETF requires that reporting will have to take place.

What needs to be reported and how?

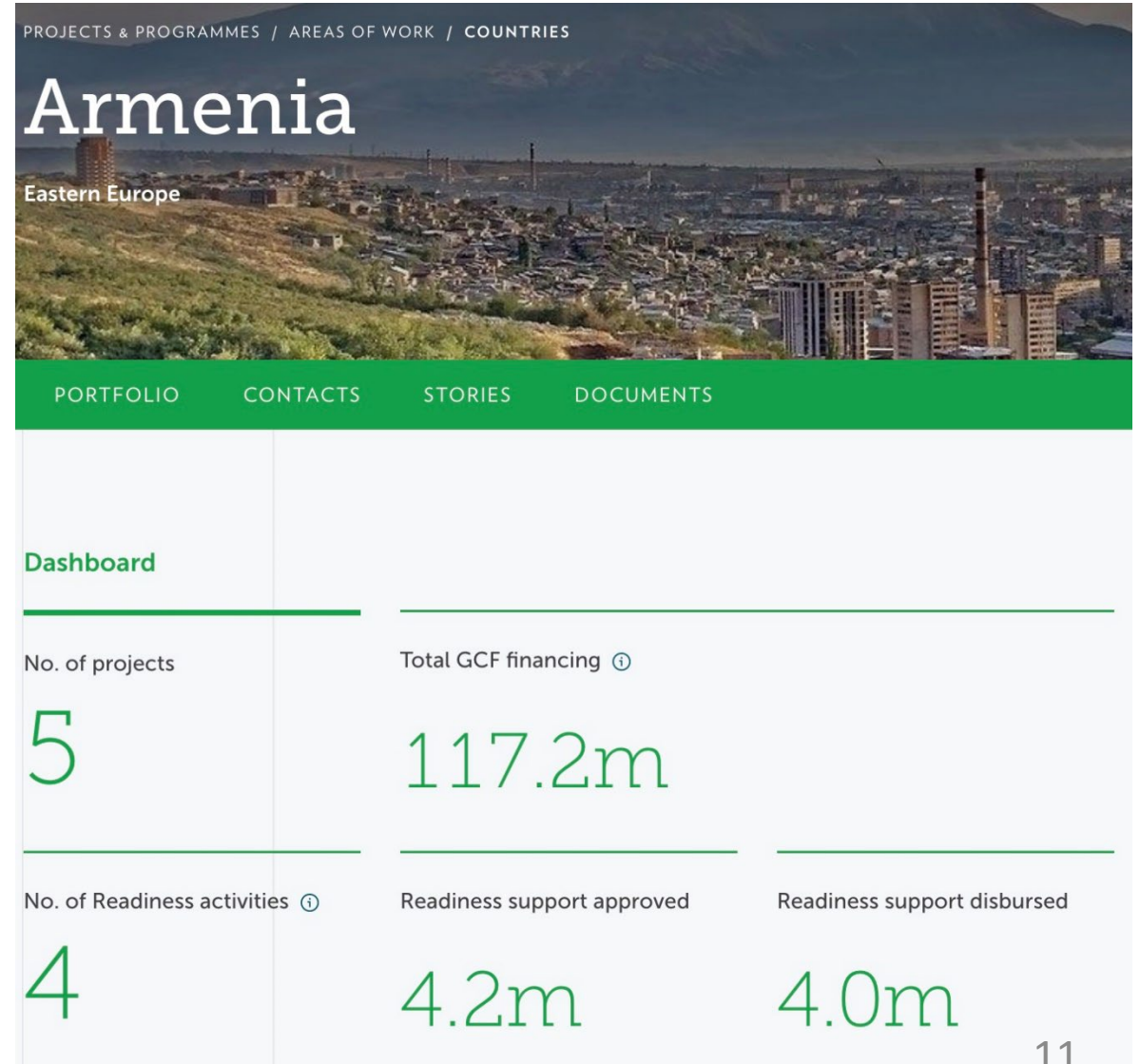


Why should Armenia track support needed and received?

Armenia has communicated but not quantified substantial needs in the NDC, and is likely to confirm and further detail these in the NDC financing strategy.

The NDC commitment will be met through domestic actions, although donor support will be indispensable in order to ensure its implementation.

This support needs to be tracked and linked to NDC actions.



Question Time?

Are all Parties required to report on support needed and received as a part of the BTR?

Answer

No. Developing country parties **should**, not **shall** report information on support needed and received.

Armenia's MRV of support needed and received

Armenia's Climate Change main goals as per BUR3,

- Energy sector:
 - The Strategic Program for the Development of the Energy Sector of the Republic of Armenia (until 2040), which contemplates solar and wind energy as the focus for the expansion of economically viable and technically available renewable energy. Through this strategic program, Armenia intends to increase its solar energy installed capacity from current 59.5 MW to 1000 MW before 2030 to green energy share to at least 15% or 1.8 billion kWh in 2030.
 - The National Energy Efficiency and Renewable Energy Program 2021-2030, which will define new sectoral targets.
 - Armenia Government also specifies the intention of promoting nuclear energy, energy efficiency projects, eco- friendly vehicles, and diversification of fuel supply chains as key priorities, as expressed through the BUR3.
 - The Covenant of Mayors for Climate and Energy was first signed by an Armenian local authority in 2009. where mayors commit to reducing CO2 emissions in their municipalities by at least 40% by 2030, mainly by increasing the use of renewable energy sources, improving energy efficiency, and “no-regret”, flexible measures. Signatories also commit to submit a baseline emissions inventory, a climate change risk and vulnerability assessment, a Sustainable Energy and Climate Action Plan (SECAP) outlining how the signatory intends to reach its commitments, within two years of adhering to the Covenant, as well as reports on progress every two years
- Forestry sector
 - The NDC states that the Government intends to reach 12.9% of forest cover by 2030 as part of the National Forestry Programme published in 2021. The forest cover is currently only 11% of the total territory of the country, according to the National Strategy.

What Support Received is Armenia reporting?

Table 4.1 Support received

Year	Project	Donor	Type of support				Project objective
			Financial resources	Capacity building	Technical support	Technology transfer	
2017-2020	Strategy program for the optimization of public transport (PT)	ADB/ Sustainable Urban Development Investment Program (SUDIP)	Euro 17.2 mln (Total budget of the project including ADB loan)		✓	✓	This Activity implies PT pool renewal, management and technical optimization, modernization of the ticket system and schedules.
2015-2017	“Institutional strengthening” Program (4 th stage)	Multilateral Fund /United Nations Industrial Development Organization	Grant: USD 120,000	✓	✓		The strengthening and effective functioning of the National Ozone Unit by adopting alternative technologies for preservation of ozone layer, establishing a reliable system to collect and monitor data on ozone depleting substances, their imports, exports and production and raising public awareness on the issue.
2017-2021	Improvement of road infrastructure	ADB, SUDIP	Euro 82.8 mln (Total budget including ADB loan)		✓	✓	Unloading the road and street network of the capital
2018	Eastern Europe Energy Efficiency and Environment Partnership Fund-Armenia Window	Germany (EBRD as channel of delivery)	Grant: USD 3,540 mln	✓	✓	✓	Financial support to be used for supporting energy efficiency and environmental projects.
2016	Household Energy Efficiency Mortgage Loans	KfW, NMC	Credit line: KfW: Euro 20 mln Technical assistance funding Grant: EUR 1.5 mln from EU NIF	✓	✓	✓	Provide loans for on-lending to private households to finance energy efficiency investments in housing for low- and middle-income families
2016-2018	Making pavers from plastic trash for future clean cities	EU/ Urban foundation	Grant: EUR 509,978	✓	✓	✓	Provides opportunity to collect plastic waste in 10 selected cities and turn it into sand-polymeric pavement or tile blocks in a workshop founded by the project.
2016 - ongoing	GAF Refinancing loan II/Energy Efficiency Program for SMEs (GAF-EE)	KfW	Loan: Euro 22.24 mln		✓	✓	Promote environmentally friendly businesses through provision of energy efficiency and renewable energy loans to MSMEs.

What Support Received is Armenia reporting?

What is reported:

- Year
- Project
- Donor
- Budget broken down by instrument
- Nature of measure
- Objective

What is not reported:

- Impact
- Co-benefits
- Sector
- Co-finance
- Link to NDC/LTS needs
- Summed up information

What Support Needed is Armenia reporting?

THIRD BIENNIAL UPDATE REPORT

4.2 Constraints, gaps and needs to improve reporting under BURs

Table 4.2 Constraints, gaps and associated needs in relation to the reporting in BURs

Thematic Area	Gaps or constrains	Associated needs	Type of Need				Priority
			Financial	Capacity-building	Technical	Technology	
Cross-cutting	<p>Currently reporting to the UNFCCC is carried out through ad hoc support for capacity building activities under NCs and BURs and performed by external experts hired through UNDP. There are certain constraints and challenges in relation to institutionalizing the UNFCCC reporting process, namely:</p> <ul style="list-style-type: none"> • Availability of national funds to finance the continuous MRV process for climate change. • Limited human resources and low capacity of public servants in understanding the UNFCCC reporting process and requirements. 	<ul style="list-style-type: none"> • Developing and implementing the national MRV system • Institutionalizing data collection and BUR preparation process • Creating continuous funding mechanisms for activities related to reporting. 	✓	✓			High
Inventory preparation	Lack of formal arrangements ensuring collection of the required data for the compiling GHG Inventory on a continuous basis.	Setting up and maintaining cooperation agreements with relevant ministries, agencies and private sector organizations to ensure regular supply of data in the required format.		✓			High
	Mismatch of natural gas consumption values for industry sector provided by the SC (which splits the consumption by different sub-sectors) and by the PSRC.	Collaboration with the SC to ensure consistency of natural gas consumption data for industry sector with the PSRC's provided data in natural gas balances.		✓	✓		High
	High uncertainty on the distribution of liquid fuels consumption in different sectors.	Enhancing capacities of SC in quality assurance of the fuel consumption data for industry sub-sectors and in other demand sectors.		✓	✓		High
	Lack of data on liquid fuels composition hampering the use of higher tier approaches to estimate emissions from key categories associated with combustion of liquid fuels.	Equipping national laboratories with equipment for analyzing the composition of liquid fuels available on national markets.	✓			✓	High

What Support Needed is Armenia reporting?

What is reported:

- Thematic Area
- Gaps
- Needs
- Technical type
- Priority

What is not reported:

- Volume of request
- Expected impact
- Expected co-benefits
- Sector
- Co-finance if any
- Link to NDC/LTS needs
- Other information (Gender, link to SDGs)
- Summed up information

Support needed and received - observations

Depth of information:

- Information reported now is helpful to steer donors, but is missing substantial elements that will become critical in climate reporting under the BTRs (e.g. totals, sector information)

Missing information:

- Information reported now on support **received** is critically missing link to stated support **needed**
- Information reported now on support **received** is critically missing impact information

Methodological issues:

- Information reported now suffers from absence of agreed reporting methodology – e.g. BUR 3 mentions divergent information request between EBRD and OECD, likely due to differential reporting methodologies (probable cause – EBRD considers under its component level accounting that <100% of Armenia distribution network investment as ‘green’ investment, and has only reported this lower volume to OECD.)

Question Time?

Could you name the support components of the MRV/ETF which should be reported in the biennial transparency report?

Transparency Framework (ETF), Art.13

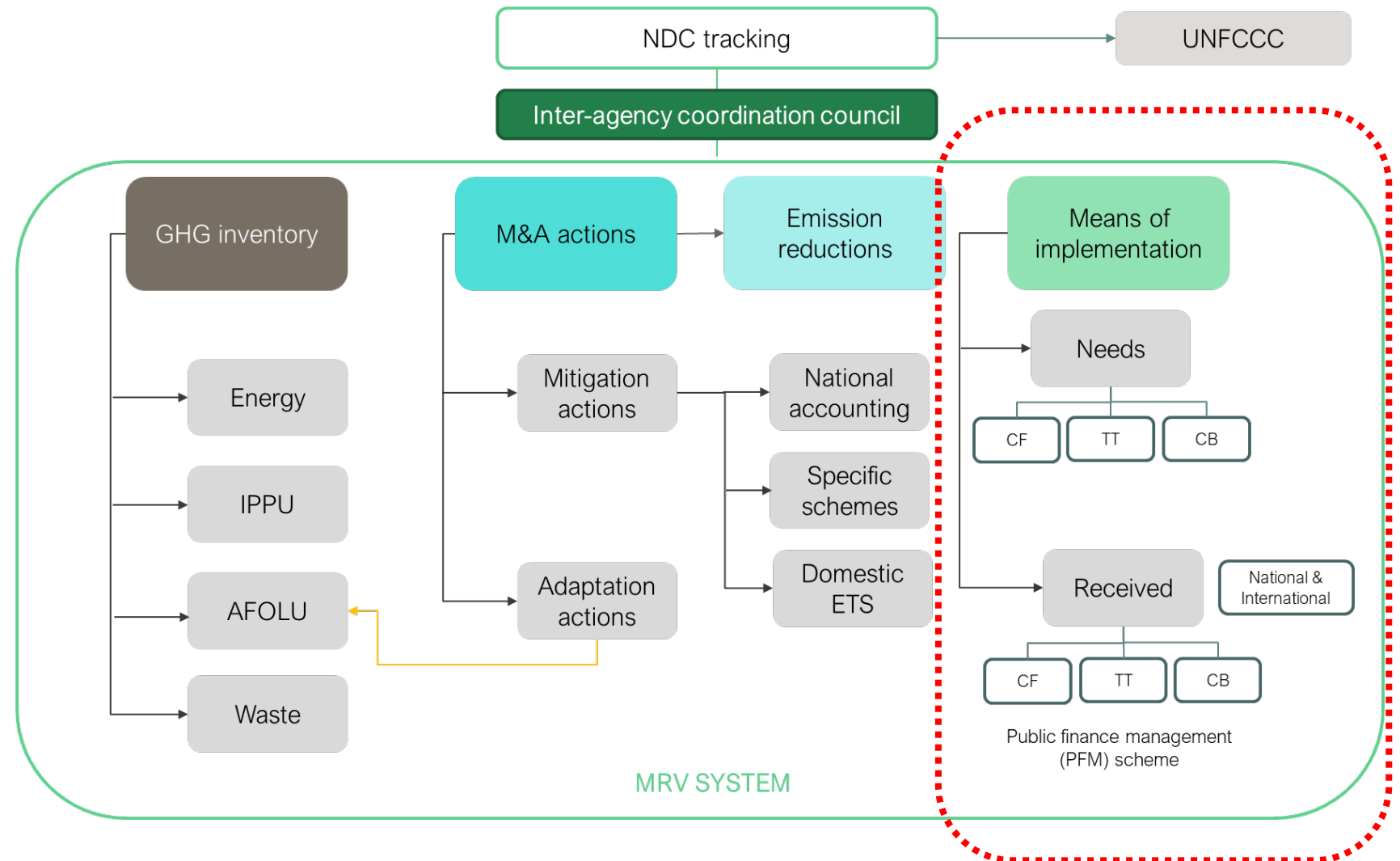
There are three support components to report:

- Information on **financial, technology transfer** and **capacity-building support** needed and received
- For the purpose of the presentation, 'support needed and received' includes all three components, finance, tech transfer and capacity-building.

Armenia's MRV of support needed and received

MRV components according to needs in Armenia

- It is instructive to note that the 'Means of Implementation' does **not** link back to any of the other elements of the MRV system
- The current depth of reporting reflects this disconnect



Methodologies for tracking Support Needed and Received

There are official methodologies but not at UNFCCC level:

- OECD DAC Rio Markers (simplified, operation-based), marked by flagging operation and then assigning either 100% or 40% to climate).
 - Can track capacity-building and policy support.
- MDB Climate Finance Tracking Methodology (complex, component-based), each component is assessed for mitigation measures.
 - Does not normally track capacity-building and policy support.
 - Different regime for adaptation
- Multilateral donor methodologies:
 - GEF – utilises CDM-like methodology for tracking of outcomes
 - GCF – no proprietary methodology

Reporting on support needed and received, Guidelines?

- The UNFCCC SBSTA is in charge of defining common reporting formats.
- Until now, none have been adopted.
- The priority is on **support provided**, in line with the political drive of the Paris Agreement.
- An informal note from SBSTA 52 on this does provide insight into likely reporting items.

- Include information in summary table on financial support needed:
 - Summary table should capture auto-filled total amounts for type of support disaggregated by financial instruments and sectors.
- Include information in summary table on financial support received:
 - Summary table should be automatically populated to reduce reporting burden and avoid double counting and take into account limitations to data availability for some areas of support and that not all support is quantifiable;
 - Should there be a summary table for support received, it is necessary to avoid aggregating different financial instruments;
 - Summary table should capture auto-filled total amounts for type of support disaggregated by financial instruments and sectors.

Consistency and compatibility

- Consistent classifications across tables.
- Facilitate compatibility of information and automatic transfer from external databases.
- CTFs should be designed so that non-inclusion of information that is not applicable or available (where relevant) does not appear to be a deficiency in a Party's reporting:
 - Notation keys should be used and no deletion of columns or tables;
 - Columns with no information, if information is not available, would not appear in the final table submitted.

Use of documentation boxes

- Use of documentation box for the provision of information on underlying assumptions, definitions and methodologies used for reporting information related to parameters or reflect such information in the narrative reporting of the biennial transparency report.

Climate-specificity

- Include instruction in the BTR outline under information on support provided that states that climate finance amounts can only be inputted into the CTFs if the specific amount in whole or part has been allocated for the purpose of responding to climate change in line with the Convention and Paris Agreement. Projects that do not calculate climate-related results or indicators should not be reported.
- Recognition of the difficulties that developing country Parties have in identifying "climate specific" finance support received through the multilateral channels. These difficulties stem from, among others, the lack of a common definition and accounting methodology for climate finance, which poses additional challenges to track progress on climate finance flows, and reflects the need to enhance the provision of technical and financial support for developing countries in tackling climate change.

Methodologies for tracking Support Needed and Received

Recommended methodologies:

- SBSTA informal co-facilitators' paper does not provide guidance in this regard.
 - No guidance on methodology.
 - Required information is high level, and we are not able to deduce a preferable methodology from that
 - Process is mechanistic, blind to underlying methodologies
- Need to look elsewhere
 - OECD DAC is not sufficiently granular
 - MDB accounting is fine for mitigation, less so for adaptation, not useful for technical support (e.g. capacity building)
 - CDM and other system can provide baselines for action that could connect back to existing mandated reporting on inventory
- Finding a methodology will be a challenge

Methodologies for tracking Support Needed and Received

Choosing a methodology:

- In the absence of guidance, recommend the following:
 - Develop country-specific, bottom-up methodology that will address minimal requirements of SBSTA52 informal paper.
 - Think holistically about national needs for sustainable development and aim to capture this in reporting methodology to enable feeding into SDG reporting/voluntary reviews
 - Identify indicators that can be meaningful in the context of multiple challenges you are addressing, beyond climate, e.g.:
 - Gender
 - Inclusion and access to finance/infrastructure/services
 - Biodiversity protection and enrichment
 - Environmental protection
- Make it work for you

Sources for Support Needed and Received

- Multilateral climate funds:
 - Climate Investment Funds
 - Green Climate Fund
 - Global Environment Facility
 - Adaptation Fund
- Development institutions
 - UN agencies – technical assistance and policy-making
 - MDBs and bilateral development banks – finance of projects
- Bilateral donors for specific needs and sectors – EU, Sweden, Germany, France and others
- Core approach
 - Clearly identify your need by sector, volume, instrument
 - Match the donor to the need, not the other way around

Country Comparator Case Study

Country Comparator - Disguised

Current assessment of another country's MRV System for climate finance by an external party:

- The country is lacking a well-structured and comprehensive monitoring, reporting, and verification (MRV) system for support needed and received and there is limited capacity to track and report climate finance on a continuous basis.
- Current MRV institutional arrangements are complicated, fragmented, uncoordinated, time-consuming, and unsustainable and data concerning climate finance is scattered across many actors including departments and ministries and is not shared on a continuous basis.
- Internationally recognized and standardized definitions and methodologies for climate finance accounting are not being applied in a comprehensive and consistent basis across the country to track climate finance flows mobilized in the country through national expenditure as well as international support.
- This results in significant limitations pertaining to the extent and quality of information concerning climate finance presented by the country, both at the national and international levels.
- The provision of an accurate, comprehensive, and transparent track record of climate change needs, spending, and support received, as well as the outputs and results of the mobilized funding is a clear enabling condition for boosting donor and investor confidence in the country.
- Donors then to be unwilling to provide substantial amounts of financing under the absence of a transparent record of how climate finance gaps are being filled and how climate finance support is being utilized by the country.

Section 3

Group Assignment

Group Assignment

Discuss the challenges of reporting under the Paris Agreement for Armenia:

- Group 1: Gender Aspects
 - Guiding ideas
 - What gender-related data is important to track?
 - How would you strengthen gender aspects in MRV of support needed and received?
- Group 2: Methodologies
 - What methodologies are you familiar with?
 - What are the issues with them?
 - Which methodology would you use of support needed and received?

There are no 'right' or 'wrong' answers!

Section 4



Discussion

Group Assignment - Feedback

Discuss the results of the group assignment:

- Group 1: Feedback
- Group 2: Feedback

There are no 'right' or 'wrong' answers!

Section 5

Q&A and Closing

References

Climate Action Tracker	2022	Climate Target Tracker Update
UNDP	2022	Development of Background Information for Climate Change Monitoring, Reporting and Verification (MRV) Platform Design
UNFCCC	2019	Common tabular formats for the electronic reporting of the information necessary to track progress made in implementing and achieving nationally determined contributions under Article 4 of the Paris Agreement - Informal Note by the Co-Facilitators
UNFCCC	2020	Technical Handbook: Preparing for implementation of the enhanced transparency framework under the Paris Agreement
Ross & Winkler	2021	Effective Tracking of nationally determined contributions: A case study on South Africa