CBIT CAPACITY-BUILDING INITIATIVE FOR TRANSPARENCY
GLOBAL COORDINATION PLATFORM

Existing capacities and barriers faced by Parties and key stakeholders alike in the implementation of the enhanced transparency framework

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The purpose of this document is to compile and report in an aggregated way the information presented by developing countries' representatives on gaps and needs for the implementation of the enhanced transparency framework. Also, it contains data collected by other capacity building initiatives, with the objective of building an overarching view of lessons learned, existing capacities and barriers faced by Parties and key stakeholders alike.

In close coordination with the elaboration of this output, the UNDP is also implementing a global assessment of national Greenhouse Gas Inventory (GHGI) capacities in developing countries, with the collaboration of the Greenhouse Gas Management Institute (GHGMI) and the Institute for Global Environmental Strategies (IGES). The objective of the assessment is to gain an understanding on the ability of all developing countries to conduct a GHG inventory in response to the international requirements under the United Nations Framework Convention on Climate Change (UNFCCC). By this, it will assess the improvement of developing countries capacities by comparing the status of capacity at the time of submitting the initial GHGI with the level of knowledge at the time of submitting subsequent GHGIs. 380 national communications (NCs)/biennial update repots (BURs) submitted from 136 developing countries are assessed to quantify the change of countries' capacity to produce a GHGI across three major time-periods in the last 20 years and highlight remaining challenges and needs at the country level[1]. This analytical report will be ready by May 2020.

Key elements in this report include the identification of regional and global areas of common interest for capacity building needs and an analysis of support opportunities with high replicability potential. The sources of information for this report were:

- "Problems, constrains and lessons learned as well as capacity- building needs for the preparation of National Communication and Biennial Update Reports" developed by the Consultative Group of Experts (CGE) on October 2019;
- Survey developed by the GSP on Status of Submission of National Communications and Biennial Update Reports for every year since 2017, considering the analysis of the last report of 2019;
- Capacity Needs Self- Assessment tool prepared and accessible in the CBIT GCP platform;
- Discussions and lessons learned compiled during Workshops, GHG inventory Quality Assurance (QA) in country, desk reviews and trainings.

The report is divided into **three sections**:

1. General issues that countries face for developing National Communications (NCs) and Biennial Update Reports (BUR), such as: MRV systems, communication and stakeholder

[1] The Global Assessment of National GHGI capacity is under preparation and once it is finished the main outcomes will be integrated in this report.

engagement, training and recruitment of experts, reliable data flows, developing indicators for the main components of the reports;
2. Challenges faced in report-specific components as GHGI, mitigation actions and climate change impacts and adaptation;
3. Initiatives or activities performed under the first phase of the GSP and the CBIT- GCP and next steps to improve the work carried out.

Section 1

1. Establishing functional MRV systems:

Country representatives generally share experiences on the difficulties encountered in their countries to get support and ownership for the MRV systems. A common misunderstanding is that the Ministry responsible for reporting is expected to take full responsibility for data gathering and compilation. Still, there is often a lack of interest and commitment from other ministries responsible for the provision of sectoral information.

It is of great importance identifying technical 'champions' in the domestic MRV structure, who hold a full understanding of the process, engage with data providers and develop the required relationships and datasets for the MRV system incrementally over time. This does not need to be a ministry person but does need to be done on behalf of and with the full support of the relevant ministry. The champions need to identify and develop long term national expertise and data flows to serve the ministry in its domestic MRV system development.

Discussions also identified a need to move away from the concept that domestic MRV system is purely for international reporting. It is vital to promote the concept that the system is designed to inform decision makers and the national public with the ability to also produce periodic national reports. The domestic MRV system needs to be recognized as a sustained evidence base that can provide value to a country's own government. Challenges that countries face on MRV systems are:

- Lack of understanding of National MRV System (NMRVS): as a package of institutional arrangements (hardware), process, procedures and guidelines (software) for operationalizing the system, that manages regular data flows by using different tools as templates and/ or data formats and provides outputs (ex. reports/ datasets)
- What is needed to establish or strengthen an existing NMRVS: mapping existing systems, legal basis and structure, institutional arrangements, engagement of stakeholders, data management (use, re-use and usefulness of data) and purpose of the NMRVS (outputs: reports, infographics and indicators, datasets).

2. Communications and stakeholder engagement:

Broader communication activities -such as reports, brochures, videos- for wider audience improve the general level of understanding, raise the importance of action on climate change and the collection of data to track and improve more effective achievements. For example, **GHG inventories can be used to improve engagement on mitigation action by highlighting the key national activities and their increasing or decreasing trends.** This helps to engage sectoral experts and decision makers in more focused action and builds interest from stakeholders on progress. An enhanced awareness is needed early-on in the development of the MRV systems to engage data providers, to find and inspire experts and to secure resources for the development of sustainable MRV systems.

Countries still highlighted the need of higher engagement from ministries and agencies that handle climate policies and climate data. Improved mandates are needed to engage and train experts for long term involvement in the systems to guarantee the flow of information. In some workshops it has been also discussed the role of UNDP and other agencies with technical competencies to support with the short-term capacity needs for populating and maintaining the MRV datasets on the countries behalf while they develop capacity and stakeholders become accustomed with its true value.

3. Reliable data flows and institutional arrangements:

The effectiveness of using Memorandum of Understanding (MoUs) or data supply agreements (DSAs) among Ministries to facilitate the collection of the information for the domestic MRV system and for UNFCCC reporting is very important for having a constant reporting and elaboration of NCs and BURs.

Generally, MoUs have not always been effective and/or not needed as they can have different interpretations of the purposes, scopes and roles, and the level of formality. In some of the surveys it was found that the data collection relies mostly on individual relationships between different ministerial members and the staff in charge of compiling the data for the MRV system outputs. Agreed commitments and formal MoUs need to be supported by legislative requirements. The following key areas need some improvement:

- Process and arrangements for data collection across agencies are either not in place or not formalized;
- Data management systems for national GHG inventories, mitigation actions and others, are inadequate, making the archiving and use of data difficult;
- Custodians of relevant data do not engage in data collection for the primary purpose of the national GHG inventory. Consequently, the format of the data might not be suitable

for the national GHG inventory, which renders the data compilation and processing for the inventory challenging and increases uncertainty;

- In many cases, data might be incomplete or inconsistent. Furthermore, the data generated by different agencies might be highly aggregated and therefore unsuitable for use in the preparation of a national GHG inventory that is consistent with IPCC guidelines, or other templates used for developing the NCs and BURs.

4. Training and Recruitment of experts:

The need for continuous capacity-building is imperative. It is important to provide adequate training to the stakeholders to help them better understand their roles and responsibilities in the process. In particular, it allows and facilitates the provision of required input data and the use of the established system.

It was noted that working closely with appropriate research and technical teams in universities could be a good way to develop the required expertise. Balancing the educational and research mentality with a more business-like and public policy approach to getting data compiled and reported was noted. The establishment of Masters' degree courses in climate change and whether may help to support the gathering and use of data as well as developing the capacity of the country to implement effective climate action. Countries still face many challenges on the technical human capital:

- Capacity gap resulting from the high turnover of staff working on climate issues and the loss of the knowledge and expertise of temporarily employed consultants;
- Contracting international consultants to lead the NCs and BURs, over training national expertise;
- Institutional capacity to retain skills/knowledge gained from training;
- Technical capacity to understand and apply tools and methodologies for the NC and BUR development as IPCC guidelines, perform uncertainty assessment, key category analysis, and use the IPCC software.

5. Indicators:

Indicators are referenced extensively in the Modalities, Procedures and Guidelines (MPGs) for the ETF and can cover a wide range of variables (e.g. on vulnerability, loss and damage, adaptation action, GHG trends and projections, mitigation action progress and impacts of action) depending on countries' action focus, as well as extend to wider impacts on the economy, gender, health, ecosystems etc. Whenever possible, using common indicators would be useful for comparability and consistency when assessing collective progress.

In many workshops considerable discussions take in place about the type and level of indicator to be used. It might be helpful using a core set of mandatory indicators (under the Paris Agreement reporting) to track and compare collective progress for key themes (energy, infrastructure, forests, water, health etc.). However, Parties should be allowed to develop additional indicators as appropriate to allow progress and ambition to be monitored at a national and action/strategy specific level. Some of the difficulties that parties find are:

- Identifying socioeconomic indicators for assessing current and future vulnerability, adaptive capacity and impacts at different levels (e.g. at the national, local and community level);
- In terms of the GHG inventory, there are still difficulties in developing national indicators, and continue using external sources as for example FAOSTAT for the AFOLU sector;
- Setting progress indicators for mitigation actions, (i.e. in relation to sources of data for monitoring progress and procedures to enable the future tracking of the indicators), scenario development, uncertainty management and abatement cost analysis;
- The diversity of National Determined Contributions (NDC), mitigation target types, a range of different types of indicators could be needed to track progress towards those targets. It is challenging to prepare transparent information on definitions, data spruces, methodologies and assumptions.

Section 2

Main challenges faced on drafting BUR/NC[2]

In the survey submitted by GEF to UNFCCC in November of 2019, country representatives were asked the section of the NC/ BUR drafting where they encountered more difficulties or challenges for preparing the documents (Figure 1 and 2):

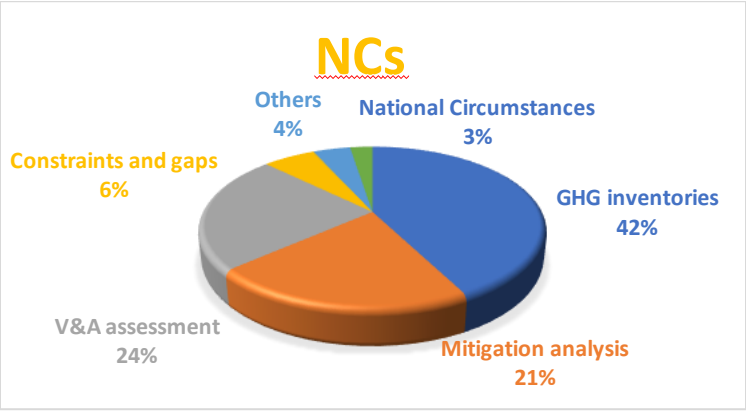

Figure 1: NCs main challenges

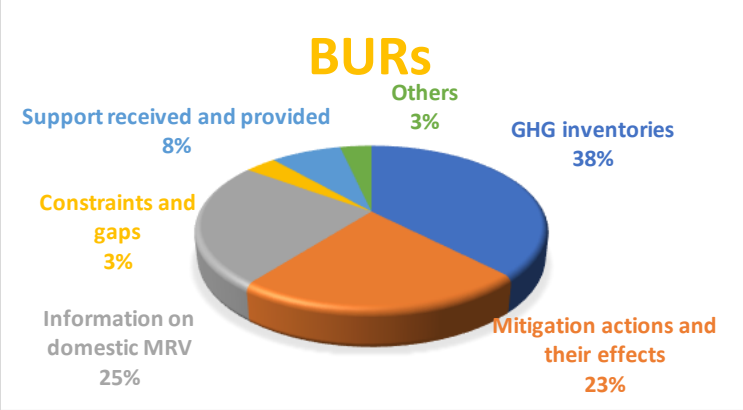

Figure 2: BURs main challenges

<u>GHG Inventory improvements:</u>

[2] Based on the survey submitted to GEF on November 2019, 110 countries responded to the survey on NCs and 101 countries responded to the survey on BURs.

Countries have recognized the central role of a well-functioning, transparent and detailed GHG inventory. The MPG bring emphasis to this though the specification of a transparent National Inventory Report, the use of 2006 IPCC, a focus on key category and uncertainty analysis, QA/QC, time series consistency and common tabular formats. The GHG inventory provides an understanding of the trends in emissions and removals, is a starting point for projections and provides a focal point for sectoral expertise on mitigation action. It can also be used as a resource of data and emission factors to work out action impacts. The following key areas of GHG inventory improvement should be considered:

- Coordination across sectors and institutions to avoid double counting of emission;
- Understand and apply the 2006 IPCC Guidelines for National Greenhouse Gas Inventories and IPCC inventory software, and identify appropriate and consistent methods for estimating emissions and reductions to ensure a reliable and consistent time series;
- Quality data (consistency, completeness, accuracy, etc.);
- Increase the use of Tier 2 and 3 to ensure the integration of country specific elements for sectors of importance to allow more detailed consideration of mitigation impacts, and projections;
- Development of consistent timeseries (e.g. 1990 or 2000/2005 to the latest year -2 (e.g. 2018)), reflecting real trends in emissions and removals and not changes in methodology;
- Elaboration of QA/QC procedures, including bilateral review and participation in international review;
- Incorporation of sub-national datasets, e.g. cities, large industrial sources (including those in emissions trading systems);
- Future use of 2019 Refinement to the 2006 IPCC Guidelines for National Greenhouse Gas Inventories although the Katowice guidelines states that the 2006 Guidelines shall be used;
- Enhance the technical capacity to use IPCC software, even if there are difficulties for no English speakers.

<u>Mitigation Actions Reporting</u>

Parties are required to report information on mitigation actions, including the nature and coverage of the action, quantitative goals, progress indicators, associated methodologies and assumptions, progress of implementation, results achieved and estimated emission reductions. Some Parties face technical constraints in using the available models, methods and tools and require practical and easy-to-apply guidelines or methods, particularly relating to setting baselines and target values, developing progress indicators (i.e. in relation to sources of data for monitoring progress and procedures to enable the future tracking of the indicators), scenario development, uncertainty management and abatement cost analysis. The following key areas of reporting on mitigation actions should be consider:

- Practical guidelines or methods for setting baselines, target values, indicators, etc.;
- Practical tools for conducting mitigation assessment (e.g. sector specific modelling);
- Mechanisms for tracking and verifying GHG emission reductions resulting from various mitigation actions across all sectors;
- Link between the mitigation actions reported on the BURs, NCs and the NDCs.

Vulnerability and Adaptation Assessment

Parties were required to report on vulnerability and adaptation on the NCs but not in BURs. In the MPGs, countries will have the option to report on Adaptation on their Biennial Transparency Reports (BTRs). In this section, countries always manifested in every annual GEF survey that there was lack of template or methodology to report. Therefore, sectoral assessments are often incomplete or inconsistent and thus difficult to present in an integrated manner. Parties with incomplete data systems have found climate change scenario development challenging owing to inconsistencies between available data sources such as historical observational data, meteorological data, and global and regional climate model outputs. Some of the challenges countries face in the elaboration of the vulnerability and adaptation assessment are:

- Assessing the potential costs and benefits of planned adaptation measures (at either project or programme level), especially in relation to addressing uncertainty about both the predicted impacts, owing to the changing dynamics that could eventually affect the results of measures, and their appropriate valuation in monetary terms;
- Finding and using the correct guidelines on the development of baseline/socioeconomic scenarios for vulnerability and adaptation assessment;
- Implementing practical tools to conduct vulnerability and adaptation assessment (e.g. sector-specific modelling, regional/downscaling climate models).

Section 3 - areas for further improvement

NDCs:

Prior to the new MPGs and Katowice rules, the original INDC and NDC submissions were based on existing national plans and often lacked the required transparency or consistency. They contained limited data to allow monitoring and tracking of progress. The MPGs extend the requirements on reporting on NDCs targets and cooperative approaches for meeting them as well as the identification and preparation of qualitative and quantitative indicators to track progress. Both indicators and targets will be presented using defined elements including timeframes, baselines and information for specific years. Biennial Transparency Reports (first reporting in 2024) will need to include an assessment of whether the Party has achieved its target under Article 4 of the Paris Agreement (NDC). This will include a transparent description of the Parties accounting approach.

Through the GSP and CBIT GCP it has been observed that most of the countries don't have a clear coordination between NCs and BURs with the preparation of the NDCs, and that this can be a challenge but also an opportunity for the preparation of the BTRs.

Monitoring and Evaluation and coordination with other organizations

Monitoring and evaluation can deliver on transparency and capacity building. In the last CBIT meetings, discussions on how and why **Monitoring, Evaluation & Impact Assessment needs to be a larger part of international capacity building efforts** have taken in place.

For a better understanding of how and what is monitored, it would be useful to define common capacity building typologies and indicators. Indicators are very useful for measuring countries capacities, not only for developing countries but also for donors.

UNDP and UNEP continue to coordinate, with other organizations and stakeholders, the "Group of Friends on MRV". It is an informal network of organizations involved in supporting developing countries in implementing the existing MRV arrangements under the Convention and in getting ready for the enhanced transparency framework under the Paris Agreement. The Group consists of stakeholders from various settings, ranging from country representatives, global think-tanks to international organizations. The GoF has as objectives an "**Enhanced dialogue among the support providers**, **Increased awareness through knowledge management and dissemination** and f**acilitated partnerships in the delivery of financial, technical and capacity-building support"**.

Capacity Building Initiative for Transparency (CBIT) Projects

The Capacity Building Initiative for Transparency (CBIT) is a one-off opportunity to support the development of transparency frameworks and domestic MRV systems. GEF resources can be used to help the establishment of new institutional arrangements and adapt existing organizational structures, relationships and mandates. This can help to form a functioning sustainable "system" to gather, compile, check, report and re-use climate action related data in the countries. CBIT will enable capacity building of appropriate teams of people to take ownership of the technical (data collection, compilation, reporting) and non-technical (stakeholder engagement, resourcing and management and coordination) aspects of the MRV system long-term. It will also provide the opportunity to develop country specific guidance and tools that will improve stakeholder engagement, support data flows, help to continuously improve and facilitate the long-term sustainability of the system and make valued input into national decision-making processes.

Peer to peer learning

Peer learning and knowledge sharing can enhance the impact of multi-country climate transparency support initiatives. The Capacity Building Initiative for Transparency and the Initiative for Climate Action Transparency (ICAT) look forward for peer exchange programs and knowledge sharing to engage countries in the use of a common approaches.

Country representatives always noted that sharing knowledge by region or language has many advantages as it helps countries to share experiences, common challenges and resources. The scope is regional, working through peer to peer learning activities, to foster South-South collaborations. After the work carried out in the previous years and thanks to the lessons learned by working in the different regions, the CBIT GCP considers it as the most suitable approach to continue the process of enhancing the technical capacities.

Gender Mainstreaming on Climate Reporting

In 2015, the GSP published the "Gender responsive National Communications Toolkit" that offered a well-structured guidance to countries on how to integrate gender issues in National Communications (NCs) and Biennial Updated Reports (BURs). Since 2016, UNDP -while assisting developing countries in accessing GEF funding for NCs and BURs- works with national counterparts to include the elaboration of gender analysis and components as part of their climate reporting efforts, thus enhancing the mainstreaming of gender considerations into national climate policies and actions. Similarly, since the start of the CBIT, UNDP has been encouraging countries to include specific gender activities in their projects, to strengthen, among others, the integration of gender considerations into the new enhanced transparency framework, enhancing the elaboration of gender-climate change indicators, capacity building opportunities and institutional arrangements.

In 2017, the UNDP started a network with gender focus in the Balkan countries and Lebanon organizing annual meeting in order to share initial country experiences and to provide guidance on how to mainstream gender equality into the development process of NC and BUR, also in the light of the enhanced transparency framework established by the Paris Agreement and CBIT. The events gathered representatives of national institutions entrusted with climate change reporting as well as representatives of national gender equality mechanisms from Albania, Bosnia and Herzegovina, Lebanon, Montenegro, North Macedonia and Serbia. Using the methodology presented in the **"Gender responsive Change National Communication Toolkit",** the countries were encouraged to develop draft action plans that would guide them in including gender into their NCs, BURs and CBITs.

Gender mainstreaming is still a very new issue and as discussed in most of the workshops countries representatives face challenges on:

- Understanding the importance of gender components in climate change projects and elaborating capacity building activities on gender mainstreaming in all GEF climate change projects;
- Developing gender analysis and gender action plans and integrating the Gender Action Plan into national transparency frameworks, reflecting current UNFCCC guidance and COP decisions;
- Ensuring data collection and analysis on gender mainstreaming in climate transparency.

Therefore, the UNDP considers useful to replicate the work done in the Balkans into other regions, starting initially from Latin America. UNDP will also continue to coordinate with other regional climate change transparency initiatives in supporting an effective implementation of gender dimensions into climate transparency and reporting.

In conclusion, developing countries are making significant efforts to advance the MRV and transparency agenda at the national level, including enhancing institutional arrangements and making structural adjustments, exploring opportunities to link MRV and transparency into a broader national development plan and to enhance their capacities. At the same time, the international community, through bilateral and multilateral initiatives, are increasing their efforts to deliver support that responds to the needs of developing countries in a targeted manner.