

# TRANSPARENCY OF ACTION: ISSUES FOR COP 26



Jennifer Huang  
Center for Climate and Energy Solutions

At COP24 in Katowice, Poland, the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement (CMA) adopted a detailed set of modalities, procedures, and guidelines (MPGs) to operationalize the Paris Agreement's enhanced transparency framework (ETF).<sup>1</sup> The MPGs establish the methodologies to be used by Parties in their reporting and review under the ETF. The CMA decision laid out remaining technical work for Subsidiary Body for Scientific and Technological Advice (SBSTA) to develop for adoption by COP26 in Glasgow.<sup>2</sup> While some of the technical work has progressed, other areas require further focused work.

This brief considers the following issues:

1. addressing flexibility in relation to the national inventory report tables Parties will use in reporting on their greenhouse gas inventories
2. the applicability of the structured summary formats that report progress towards a Party's nationally determined contribution
3. making progress on transparency in 2021 in the broader context of the Paris Agreement's ambition

## CONTEXT

Article 13 of the Paris Agreement establishes an ETF for all Parties. The ETF consists of two reporting requirements and two review mechanisms.<sup>3</sup>

### THE REPORTING REQUIREMENTS

The Paris Agreement requires Parties to submit a biennial transparency report (*BTR*) every two years that contains:

- a national greenhouse gas inventory in a national inventory report (*NIR*), which consists of national inventory document (*NID*) and common reporting tables; and
- the "information necessary to track progress made in implementing and achieving" their nationally determined contributions (*NDCs*) (in a structured summary).

Parties shall submit their first BTR by 2024.

### THE REVIEW MECHANISMS

The two review mechanisms comprise:

- a technical expert review of the BTRs, including their NIR report and structured summary; and
- a facilitative, multilateral consideration of progress (*FMCP*), which considers countries' implementation and achievement of their NDCs and financial support to developing countries.

### FLEXIBILITY IN THE ENHANCED TRANSPARENCY FRAMEWORK

Article 13 provides "built-in flexibility" in implementing its provisions to those developing countries that need it in light of their capacities. The COP decision adopting the Paris Agreement specified that developing countries shall be provided flexibility, including "in the scope, frequency and level of detail of reporting, and in the scope of review," and that such flexibilities shall be reflected in

the development of the MPGs which operationalize the ETF.<sup>4</sup>

At COP24, the CMA adopted a detailed set of MPGs which establish the methodologies to be used by Parties in developing their NIRs, the information needed for the reporting of progress toward NDCs, and the terms of the technical expert review and the FMCP. The MPGs are to be applied by all Parties, except least developed countries (*LDCs*) and small island developing states (*SIDS*), no later than the end of 2024.<sup>5</sup>

The Katowice decision further identifies the specific flexibility accorded to developing country Parties in the NIRs and structured summary with regard to the following components:<sup>6</sup>

- key category analysis<sup>7</sup>
- uncertainty analysis<sup>8</sup>
- assessment of completeness<sup>9</sup>
- quality assurance/quality control<sup>10</sup>
- sectors and gases<sup>11</sup>
- time series<sup>12</sup>
- mitigation policies and measures, actions and plans, including those with mitigation co-benefits resulting from adaptation actions and economic diversification plans, related to implementing and achieving an NDC<sup>13</sup>
- projections of greenhouse gas emissions and removals, as applicable.<sup>14</sup>

## KEY TRANSPARENCY ISSUES AT COP26

The CMA decision laid out the remaining technical work, requesting SBSTA to develop for adoption at CMA3/COP26:

- common reporting tables (*CRTs*) to provide greenhouse gas data for NIRs in a standardized way;
- common tabular formats (*CTFs*) for the reporting of information necessary to track progress in a structured summary (as well as CTFs for the reporting of support provided/mobilized and needed/received), taking into account existing reporting formats, and
- outlines of the BTRs, NID, and technical expert review report.<sup>15</sup>

No conclusions were adopted at COP25 and proposals for intersessional work between COP25 and the next Subsidiary Bodies meeting (*SB52*) were not approved.

The CTFs for the reporting of finance and support and draft outlines for the BTRs, NID, and technical expert review report have made relatively good progress and therefore are not being considered in this brief.<sup>16</sup>

## REFLECTING ON FLEXIBILITY AND APPLICABILITY IN RELATION TO NIRs

Article 13.7(a) of the Paris Agreement requires Parties to submit a NIR of emissions and removals of greenhouse gases. The NIR can be submitted as part of the BTR or as a stand-alone report.

The MPGs state that each Party shall provide projections on a sectoral basis and by gas, as well as for the national total, using a common metric consistent with that used in its NIR.<sup>17</sup> They further request SBSTA to develop CRTs “taking into account the existing...common reporting formats.”<sup>18</sup> CRTs available to date are those that Annex I Parties use to report on national greenhouse gas inventories.

The CRTs used for inventory reporting are standardized data tables containing mainly quantitative data. These are intended to help ensure that inventories include transparent documentation and data to enable reviewers to understand the underlying assumptions and calculations of the reported emission and removal estimates. The CRTs are organized hierarchically, and information provided in the “lower-level” tables (such as sectoral background data tables) feeds into “higher-level” tables (such as summary report tables):

- Data reported in **background data tables** include GHG emissions and activity data needed to calculate and estimate emissions. Sectoral background data tables provide detailed disaggregated data by sector. Implied emission factors, which are provided in the background data tables, are automatically calculated by the CRF Reporter software<sup>19</sup> and are important for comparisons across Parties.
- **Summary report tables** provide an overview of aggregate greenhouse gas emissions per category and subcategory on a gas-by-gas basis. Data in sectoral report tables are largely automatically filled in by the CRF Reporter, based on the data provided in sectoral background data tables and in the sectoral report tables.
- **Cross-cutting tables** provide other complementary information useful to the understanding of the

national greenhouse gas inventory and are automatically generated by the CRF Reporter based on the data filled in sectoral background data tables.

Developed country Parties currently provide thirteen background or sectoral data, summary report, or cross-cutting tables in their reporting.<sup>20</sup>

Given the diversity of targets and the variety of information that can be reported by Parties under the ETF, standardized CRTs will facilitate the review and comparison of the inventory data in the NIR and common reporting tables to be reviewed by technical experts.

Parties have not yet agreed on common tables that could serve as the basis for further work. At CMA 2/COP25, based on the current reporting tables for developed and developing countries, the co-facilitators introduced two sets of draft summary report tables: two draft sectoral report tables that could provide the basis for further work.<sup>21</sup> Parties have discussed these tables and proposals and the tables currently used by developed country Parties for consistency with the MPGs and to avoid backsliding. However, Parties have yet to:

- agree on options to incorporate flexibility in the tables
- agree on whether sectoral background tables are mandatory or not for all Parties in accordance with the MPGs
- discuss the full set of tables, beyond those proposed by the co-facilitators or currently used by developed country Parties.

### ***Flexibility Options***

Parties have identified a list of possible options for implementing the flexibility provisions. The range of options under discussion for reflecting flexibility in the summary tables include, but are not limited to:

- use of footnotes to explain where a flexibility provision in the MPGs has been used
- use of existing notation keys (such as “NO” for “not occurring” or “NE” for “not estimated”) or a new notation key to explain why data is not provided
- use of a documentation box below a table to note flexibilities used
- removing or hiding rows, columns, or tables where a Party is reporting no data

- narrative descriptions in the national inventory document.

### ***Sectoral Background Tables***

Parties disagree on whether the sectoral background tables (which provide detailed disaggregated data by sector) are mandatory for all Parties. Some Parties suggest that obtaining the data needed for the background sectoral tables creates an additional, significant reporting burden such that developing country Parties can use flexibility to fill them out, under the broader general flexibility provision in Decision 1/CP.21, paragraph 89.

Transparency experts have yet to consider those tables containing sectoral background information (sector data and emission factors). This data, which contains the greenhouse gas emissions and activity data needed to calculate and estimate emissions, feeds into “higher level” tables like the summary report tables that provide an overview of aggregate greenhouse gas emissions.

Some issues to consider:

- Given the significant remaining technical work to be done, what is an efficient process to develop a set of tables and formats that can be adopted at COP26?
- What guidance do experts need regarding implementation of flexibility provisions so as to facilitate adoption of common reporting tables at COP26?

### **CTF FOR TRACKING PROGRESS FOR THE STRUCTURED SUMMARY AND THE INFORMATION TO BE PROVIDED ON COOPERATIVE APPROACHES**

Article 13.7(b) of the Paris Agreement requires Parties to report in their BTRs the information necessary to track progress in implementing and achieving their NDCs. Parties must provide information that demonstrates their progress in implementing their own NDCs in a clear and transparent manner.

In order to accommodate all types of NDCs, the MPGs adopted in Katowice state that Parties shall provide the information necessary to track progress in implementing and achieving their NDCs in a “structured summary,” to be submitted “in a narrative and common tabular format, as applicable.” The MPGs request SBSTA to develop CTFs for electronic reporting of the structured summary, taking into account existing CTFs.

Information in the structured summary includes:

- self-selected, relevant indicators for tracking progress towards the implementation and achievement of a Party’s NDC, including the most recent information for each indicator for each reporting year;
- where applicable, information on greenhouse gas emissions and removals consistent with the coverage of its NDC under Article 4;
- contribution from the land use, land-use change and forestry sector for each year of the target period or target year, if not included in the inventory time series of total net greenhouse gas emissions and removals, as applicable
- information provided by Parties participating in cooperative approaches that involve use of internationally transferred mitigation outcomes (ITMOs) toward an NDC, or that authorize the use of mitigation outcomes for international mitigation purposes other than achievement of their NDC.<sup>22</sup> The required information will be “consistent with relevant decisions adopted by the CMA on Article 6 and 18/CMA.1” and includes:
  - o reporting of annual emissions covered by the NDC,
  - o an adjusted balance reflecting transfers of ITMOs, and
  - o information on how cooperative approaches promote sustainable development, ensure environmental integrity and transparency, and apply robust accounting including the avoidance of double counting.

Decision 18/CMA.1 noted that that the information provided on cooperative approaches in the structured summary was “without prejudice to the outcomes” of Article 6. Article 6 of the Paris Agreement primarily addresses international carbon markets, establishing an accounting framework for international cooperation, a central UN mechanism to trade credits from emissions reductions generated through specific projects, and establishes a work program for non-market approaches. Parties have yet to adopt the MPGs for Article 6. The SBSTA Chair subsequently prioritized all other work on the structured summary. At COP25, citing the need for progress, the Chair scheduled some discussion on the information to be provided on cooperative approaches at COP25, with the understanding that discussions would not preempt parallel, ongoing Article 6 discussions.

A common format for structured summary tables will allow for more consistent and comparable information to be provided by Parties. It will also facilitate the review process. Furthermore, it will enable NDC implementation and progression to be tracked individually and could allow for an assessment of collective action that could inform the global stocktake process.

At COP25 in Madrid, Spain, the transparency co-facilitators did not introduce a proposal for a draft structured summary table, but annexed Party submissions to their report, which included Party and group proposals.<sup>23</sup> As a basis for discussion, the co-facilitators introduced a set of proposals for draft CTFs for reporting the information required by the MPGs.

Parties have yet to:

- agree on a draft CTF that could serve as the basis for further work; or
- manage the linkage to information to be provided on cooperative approaches under Article 6.

### ***Common Tabular Format***

The format of the structured summary remains a key issue. Many Parties read the mandate to mean that the CTFs, which are applicable to all, can be complemented by narrative information. Some other Parties interpret reporting this information in a “narrative and common tabular format, as applicable” to mean that a Party can choose either a narrative or tabular format, as most appropriate for the information being presented.<sup>24</sup> In this view, a Party would not necessarily need to employ a CTF to present its structured summary.

### ***Information to be Provided on Cooperative Approaches***

With regard to the information to be provided on cooperative approaches under Article 6 (paragraph 77(d)), some Parties consider the required information as settled, given that any additional information that may depend on the CMA’s adoption of a decision on reporting under Article 6 can either be included directly, or included at a later stage under “any other information consistent with decisions adopted by the CMA on reporting under Article 6.”<sup>25</sup> Other Parties have interpreted “without prejudice” to the Article 6 discussions to mean that the information is a “placeholder” whose final content would be determined by the outcomes of the

Article 6 negotiations. In their view, without a decision on Article 6 resolving what type of mitigation outcomes can be internationally transferred or when and how to account for corresponding adjustments, it's unclear what kind of information can be usefully or transparently reported in this part of the structured summary.

Issues to consider:

- How should key linkages, such as between Article 6 and Article 13, be managed in order to facilitate adoption of decisions at COP26?
- What guidance should the decision on Article 6 give to the finalization of the structured summary table?

## THE TRANSPARENCY CYCLE AND A DELAYED COP 26

The ongoing COVID-19 pandemic has delayed COP26 by a year and has prevented any formal negotiating sessions under the UNFCCC since December 2019. A number of informal and formal processes on transparency are engaging Parties at various levels through 2021:

- Parallel processes, like the Partnership on Transparency in the Paris Agreement and the OECD's Climate Change Expert Group, have been providing further opportunities for experts to familiarize themselves with the technical issues, such as workshops for hands-on training in using CRF reporting software.<sup>26</sup>
- The incoming COP26 Presidency hosted its consultation on transparency from 28-29 April with heads of delegation.<sup>27</sup>
- SBSTA hosted a transparency workshop for technical experts focusing on the NIRs and structured summary from 5-7 May.<sup>28</sup>
- The virtual June Subsidiary Body meetings will also reengage on transparency.<sup>29</sup>

The delay of COP26 significantly shortens the timeframe in which to prepare for Parties' first round of BTRs. Establishing national institutional frameworks for reporting and review takes time. The Capacity-Building Initiative for Transparency (CBIT)—established by the Paris decision for developing countries that need assistance in building the institutional and technical capacity to meet enhanced transparency requirements—has been actively supporting countries through the Global Environment Facility.<sup>30</sup> As of October 2020, 71 CBIT

projects have been approved, amounting to \$116.2 million.<sup>31</sup>

Many developing countries are still navigating the current biennial update report process and need to prepare for the transition in 2024. Any further delay in adopting the decision on tables and formats impacts Parties that need clarity in the reporting requirements in order to develop or update their own domestic measurement, reporting and verification systems.

In addition, the reporting software to assist Parties in reporting cannot be updated until the final tables have been adopted. Under the current reporting framework, both developing and developed country Parties use different software to prepare their national greenhouse gas inventories. The development and testing needed to update the reporting software can only occur once CRTs have been adopted. CRT software engineers would ideally have at least two years to develop quality software but to have them ready for Parties to use for their first BTR, new software would need to be developed within a shorter timeframe of one and a half years (2022-2023). This means that capacity building training programs to familiarize countries with the new software would take place in 2023: the same year that countries are expected to be preparing their first BTR for submission by the end of 2024. A decision at COP26 maximizes the short time left for countries to prepare for the transition to the ETF.

Issues to consider:

- How could the formal process under the UNFCCC between now and COP26 best be organized to make progress on these issues?
- Are there parallel informal processes that could also be used to make progress?

If the remaining technical work for transparency is not adopted at COP26, it either risks that parties will attempt to submit their BTRs in an unstandardized way in order to meet the 2024 deadline, or that the BTRs will be delayed until the technical work is fully elaborated and adopted in order to operationalize the ETF.



## ENDNOTES

- 1 UN Framework Convention on Climate Change [hereinafter UNFCCC], Report of the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement on the third part of its first session, held in Katowice from 2 to 15 December 2018, Decision 18/CMA.1, Annex (Mar. 19, 2019), [https://unfccc.int/sites/default/files/resource/CMA2018\\_03a02E.pdf](https://unfccc.int/sites/default/files/resource/CMA2018_03a02E.pdf).
- 2 *Ibid*, Annex, ¶ 12.
- 3 “Paris Agreement,” Article 13, conclusion date: December 12, 2015, United Nations Treaty Series Online, registration no. I-54113, [https://treaties.un.org/Pages/ViewDetails.aspx?src=IND&mtdsg\\_no=XXVII-7-d&chapter=27&clang=\\_en](https://treaties.un.org/Pages/ViewDetails.aspx?src=IND&mtdsg_no=XXVII-7-d&chapter=27&clang=_en).
- 4 Decision 18/CMA.1, Annex.
- 5 *Ibid*.
- 6 *Ibid* (“those developing country Parties that need flexibility in the light of their capacities with respect to this provision...”).
- 7 *Ibid*, ¶ 25.
- 8 *Ibid*, ¶ 29.
- 9 *Ibid*, ¶ 32.
- 10 *Ibid*, ¶¶ 34-35.
- 11 *Ibid*, ¶ 48.
- 12 *Ibid*, ¶¶ 57-58.
- 13 *Ibid*, ¶ 85.
- 14 *Ibid*, ¶¶ 92, 95, and 102.
- 15 *Ibid*, ¶ 12. It also calls for a training programme for technical experts participating in the technical expert review.
- 16 UNFCCC, SBSTA 51 agenda item 11(c) Informal note by the co-facilitators (Dec. 6, 2019), [https://unfccc.int/sites/default/files/resource/SBSTA51.IN\\_i11c.pdf](https://unfccc.int/sites/default/files/resource/SBSTA51.IN_i11c.pdf); UNFCCC, SBSTA 51 agenda item 11(d) Informal note by the co-facilitators (Dec. 9, 2019), <https://unfccc.int/sites/default/files/resource/IN.SBSTA51.i11d.pdf>.
- 17 Decision 18/CMA.1, Annex, ¶ 98.
- 18 *Ibid*, ¶ 12(a).
- 19 Currently, CRF tables are automatically generated when developed country Parties upload inventory information into CRF Reporter software, which was developed to meet UNFCCC greenhouse gas inventory reporting requirements for developed countries and includes functions to facilitate reporting, such as auto-filling summary tables. It provides Parties with the ability to compile, validate, and report greenhouse gas emissions inventories in a user-friendly and efficient way and acts as a repository for Party submissions.
- 20 CRF Tables for SBSTA 39, UN Climate Change, accessed June 1, 2021, <https://unfccc.int/process/transparency-and-reporting/reporting-and-review-under-the-convention/greenhouse-gas-inventories-annex-i-parties/reporting-requirements/crf-tables-for-sbsta-39>.
- 21 UNFCCC, SBSTA 51 agenda item 11(a) Informal note by the co-facilitators (Dec. 9, 2019), [https://unfccc.int/sites/default/files/resource/IN.SBSTA\\_i11a.pdf](https://unfccc.int/sites/default/files/resource/IN.SBSTA_i11a.pdf).
- 22 Decision 18/CMA.1, Annex, ¶ 77(d).
- 23 UNFCCC, SBSTA agenda item 11(b) Informal note by the co-facilitators (Dec. 9, 2019), <https://unfccc.int/sites/default/files/resource/IN.SBSTA51.i11b.pdf>.

24 Decision 18/CMA.1, Annex, ¶79.

25 Decision 18/CMA.1, Annex, ¶ 77(d)(iii).

26 Partnership on Transparency in the Paris Agreement, accessed June 1, 2021, <https://www.transparency-partnership.net/>; “Climate Change Expert Group (CCXG),” OECD, accessed June 1, 2021, <https://www.oecd.org/env/cc/ccxg/>.

27 “Co-Chairs’ Summary of the Presidencies’ Consultations on Transparency and Common Time Frames,” UN Climate Change, Apr. 28-29, 2021, [https://unfccc.int/sites/default/files/resource/Co-chairs%20Summary\\_CTF.pdf](https://unfccc.int/sites/default/files/resource/Co-chairs%20Summary_CTF.pdf).

28 “Informal technical workshop on transparency under the SBSTA. Part I: Possible options for the CRT of national GHG inventory,” UN Climate Change, accessed June 1, 2021, <https://unfccc.int/event/informal-technical-workshop-on-transparency-under-the-sbsta-part-i-possible-options-for-the-crt-of>; “Informal technical workshop on transparency under the SBSTA. Part II: Possible options for the CTF of structured summary,” UN Climate Change, accessed June 1, 2021, <https://unfccc.int/event/informal-technical-workshop-on-transparency-under-the-sbsta-part-ii-possible-options-for-the-ctf-of>; “Informal technical workshop on transparency under the SBSTA. Part III: Possible options for the CTF of FTC support,” UN Climate Change, accessed June 1, 2021, <https://unfccc.int/topics/climate-finance/events-meetings/other-events/informal-technical-workshop-on-transparency-under-the-sbsta-part-iii-possible-options-for-the-ctf-of>.

29 UNFCCC, Subsidiary Body for Scientific and Technological Advice Draft provisional agenda 2021 session, accessed June 1, 2021, [https://unfccc.int/sites/default/files/resource/2021\\_dpa\\_sbsta.pdf](https://unfccc.int/sites/default/files/resource/2021_dpa_sbsta.pdf)

30 UNFCCC, Report of the Conference of the Parties on its twenty-first session, held in Paris from 30 November to 13 December 2015, Decision 1/CP.21, ¶ 84 (Jan. 29, 2016), <https://unfccc.int/resource/docs/2015/cop21/eng/10a01.pdf>.

31 “Capacity-building Initiative for Transparency (CBIT),” The Global Environment Facility, accessed June 1, 2021, <https://www.thegef.org/topics/capacity-building-initiative-transparency-cbit#:~:text=As%20of%20October%2031%2C%202020,countries%2C%20and%20five%20global%20projects>. Of those projects, 65 are individual country projects, one a regional project that covers five countries, and five are global projects, including a global, cross-cutting platform to enable coordination and knowledge sharing among CBIT countries.

**Other C2ES Resources:**

*A Brief Guide to the Paris Agreement and 'Rulebook', June 2019*

*Completing the Paris 'Rulebook': Key Article 6 Issues, April 2019*

*Essential Elements of the Paris 'Rulebook', November 2018*

*Elaborating the Paris Agreement: National Greenhouse Gas Inventories, August 2018*

*Outcomes of the U.N. Climate Change Conference in Madrid, December 2019*



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