

## **SUBMISSION BY PANAMÁ ON BEHALF OF THE AILAC GROUP OF COUNTRIES COMPOSED BY CHILE, COLOMBIA, COSTA RICA, HONDURAS, GUATEMALA, PANAMÁ, PARAGUAY AND PERU**

### **Methodological issues under the Paris Agreement**

#### **Introductory Remarks**

1. Considering time-bound and technical challenges ahead and the need to reconcile different Parties' positions, AILAC wants to present its views on the way forward in the discussions over Methodological issues under the Paris Agreement, from a substantive and procedural perspective, on main issues, as well as main steps, and mode of work that could facilitate the timely and successful delivery of the outcomes responding to the mandate given by the CMA through its decision 18/CMA.1 at COP 26.
2. In terms of process, it is essential that remaining negotiation hours in upcoming sessions up to COP26, are used effectively, focusing our collective work on solving structural issues and tackling main technical and political bottlenecks already observed. If possible, AILAC also suggest enabling spaces for informal discussions as well as undertaking intersessional work to further progress the negotiating process, particularly, on technical grounds, and also considering challenges imposed due to the recent worldwide circumstances.

#### ***a. Common reporting tables for the electronic reporting of national anthropogenic emissions by sources and removals by sinks of greenhouse gases***

3. As stated by AILAC many times, ensure the delivery of accurate, complete, transparent, consistent and comparable information on GHG emissions and removals is crucial to understand the individual and collective progress towards achieving their short and long term mitigation and decarbonization goals. For this purpose, the negotiating process should ensure that the tools to be designed and used to report this information are clear, detailed, user-friendly and entirely consistent with the 2006 IPCC guidelines and the new MPGs of the Transparency Framework.
4. As part of these tools to be adopted at COP 26, the Common Reporting Formats represents an opportunity to facilitate and standardized the reporting of national GHG inventories bearing in mind different national circumstances.

#### ***Structure and content of the tables***

5. With the aim to progress in the design of Common Reporting Tables for national GHG inventories, AILAC suggests next Parties' deliberations considering the following steps:
  - i. Identification of tables that should be designed and how these tables are aligned with the MPGs and the IPCC 2006 guidance in accordance with paragraph 20 of those MPGs.
  - ii. Identification of common elements of information that should be included in tables, as a minimum.

- iii. Identification of particular sectoral elements or tables that should be reported.
  - iv. Identification of crosscutting elements or tables that should be reported.
  - v. Discussion on tables specificities:
    - a. Coding and nomenclature consistent with the IPCC 2006 guidance
    - b. Organization and level of disaggregation of information
  - vi. Discussion on the use of notation keys
  - vii. Discussion on footnotes and documentation boxes that accompany tables (and how they could facilitate a transparent report in the context of national circumstances).
  - viii. Application of flexibility
6. In this vein, and building on the MPGs, and the reporting guidelines currently used for the elaboration of national GHG inventories, AILAC has identified some of the possible types of common reporting tables that should be designed:
- i. Summary tables:
    - a. Summary table 1: Net CO<sub>2</sub> emissions and removals, emissions of 7 greenhouse gases required by the MPGs and precursor gases for each sector and category.
    - b. Summary table 2: emissions of 7 greenhouse gases required by the MPGs and precursor gases for each sector and category expressed in terms of CO<sub>2</sub> equivalent.
    - c. Summary table 3: Summary of methods and emission factors used (based on paragraph 40 of the MPGs)
    - d. Summary table 4: Emission trends (timeseries)
  - ii. Sectoral tables
    - a. Sectoral report tables
      - i. Information elements: GHG emissions by gas
    - b. Sectoral background tables:
      - i. Information elements: Activity Data, Implied Emission Factors and emissions and removals and complementary information (documentation boxes)
    - c. Specific sectoral tables (e.g. in case of energy sector: reference approach, international bunkers, feedstock and non-energy use of fuels (energy and IPPU sector); in case of AFOLU sector (land transition and harvested wood products)
  - iii. Cross-sectoral tables
    - a. Indirect emissions
    - b. Summary of Key category analysis (paragraphs 25, 41 and 42)
    - c. Emission trends (Paragraph 57 of the MPGs)
    - d. Recalculation (paragraphs 28 and 43 of the MPGs)
    - e. Completeness (paragraphs 30-32 and 45 of the MPGs)

### *Application of flexibility*

7. Flexibility is one of the main principles of the transparency framework that was recognized for those developing countries that need it in light of their capacities, together with the TACCC principles and

the principle of continuous improvement that should guide all Parties' reporting. Flexibility's application is guided not only by provisions included in the introductory section of the MPGs but also in relevant substantive sections of the MPGs in which the need for this principle was recognized.

8. In light of this frame, AILAC has identified that the flexibility's application:
  - i. Should not contradict the TACCC principles;
  - i. Should help to indicate the transparency related capacity building needs of developing Parties that apply the principle;
  - ii. Should contribute to identify a path for the continuous improvement regarding the reporting from Developing Country Parties.
9. In order to ensure the above mentioned, from AILAC's point of view, the Parties should continue their discussions regarding the application and reporting of flexibility, taking into account:
  - i. How to indicate the provision to which flexibility is applied and how to make this indication in CRTs? What specific tools would be used to make this indication?
  - ii. How developing Parties that apply flexibility should inform and clarify capacities constrains related to the application of the flexibility?
  - iii. How the developing Parties that apply flexibility should provide a self-determined estimated timeframes for improvements in relation to those capacity constrains?
10. For AILAC, a case-by-case assessment should be conducted to identify the most appropriate tools to indicate how and where flexibility is applied, in accordance with flexibility provisions that were included in section II of the MPGS (National inventory report of anthropogenic emissions. by sources and removals by sinks of greenhouse gases).
11. AILAC also agrees with other Parties' proposals (included in some Parties submissions) regarding the need to have a specific table that summarizes the application of flexibility. This table should be seen as a complement of the detailed report on flexibility, and should also include information on the associated capacity constraints and self-determined timeframes for transparency-related improvements.

### ***Reporting software and tools***

12. Although understandably, the discussions amongst Parties should focus first on the design of common reporting tables, progress should be made in considering the characteristics and functionality of the electronic tool that would support the electronic reporting of national GHG emissions and removals. In this context, for AILAC is of the utmost importance that capacity building for developing Parties that do not have any experience using this kind of tools is ensured.

### ***b. Common tabular formats for the electronic reporting of tracking progress in implementing and achieving nationally determined contributions***

13. While TACCC principles are commonly known as guiding principles of the reporting of national GHG inventories, paragraph 3 of the MPGs recognizes them as principles that should also guide the reporting of climate action and support as a whole. In this context, common tabular formats for tracking progress made in implementing and achieving Parties' NDCs should be designed in light of these principles, also taking into account the particular characteristics of the NDCs, as well as Parties' national circumstances.
14. From AILAC's perspective, the use of common tabular formats for tracking implementation and achievement of the Parties' NDCs facilitate, through a clear and concise report, the visualizing and understanding of the progress made over time. For instance, using a CTF to report the structured summary (SS hereinafter) could help visualize the evolution of indicators selected by Parties to track progress, even if those indicators are qualitative.
15. Tabular formats can also be used to report the methodological approaches used by Parties for designing and monitoring their NDCs without implying that the report should be extensive and complement this information by referencing the relevant sections of the BTR or even other national documents.

#### *Structure and content of the tables*

16. Regarding the CTFs, and specific information elements to include on those formats, it would be helpful to use clusters or categories that frame and facilitate designing process of the tables for reporting tracking progress made in implementing and achieving Parties' NDCs, as suggested by co-facilitators of the SBSTA agenda item 10 during its 50th session.
17. At the time of forming these clusters of information, it should be bear in mind that a reorganization of provisions included in the section III of the MPGs could be necessary. This reorganization is to avoid that some of the duplications or overlaps observed in section C of the MPGs are also brought into the tables.
18. In this line, AILAC considers that discussions on how to structure tables for the reporting of section III of the MPGs of the transparency framework could be framed on the following clusters:
  - i. Summary of the Party's NDC (paragraph 64 and 73 of the MPGs);
  - iii. Indicators (paragraph 65 and 76 a));
  - iv. Methodologies and accounting approaches (paras. 71-76);
  - v. Structured summary (contains a summary of information referred in paragraphs 65-76 (especially in paragraphs 67,68,69 and 70) and in paragraph 77);
  - vi. The information necessary to track progress on the implementation and achievement of the domestic policies and measures implemented to address the social and economic consequences of response measures (paragraph 78, in the case of Parties with a NDC under article 4 that consist of adaptation actions and/or economic diversification plans)

- ii. Mitigation policies and measures, actions and plans, including those with mitigation co-benefits resulting from adaptation actions and economic diversification plans (paragraphs 80-90);
  - iii. Summary of greenhouse gas emissions and removals (paragraph 91)
  - iv. Projections of greenhouse gas emissions and removals (including, projections of key underlying assumptions and parameters used for projections) (paragraph 91-102).
2. Given that these clusters have already been identified as a basis for Parties' discussions, progress must be made in the tables' design, organizing information elements to be included in each one of them. For example, in paragraph 74 of the MPGS, Parties are required to report methodologies and/or accounting approached used for targets, indicators and baselines, based also on the elements included in paragraph 75. Then, it is necessary to discuss how this information should be organized in order to facilitate the report of the Parties and considering that some elements are just relevant for some specific type of NDCs. This discussion should be based on some examples presented by co-facilitators in further sessions.
3. Regarding the structured summary, despite the challenges posed by not having had negotiating sessions during this year, and consequently, having had no progress in the discussions, many Parties have participated in informal spaces in which they have presented examples and their views on the design of the SS CTF. These examples have been useful to visualize how a tabular format can fit different types of NDCs, how the different information elements should be organized in the table, and the challenges that must be faced with respect to the national circumstances and specific features of the Parties' NDCs. Thanks to these exercises, Parties have made progress in understanding these issues and in identifying the main topics on which next negotiating sessions should be focused on, which can be beneficial to the process. From AILAC's perspective, some of those specific topics are:
  - i. Reference point(s), level(s), baseline(s): it should be noted that some types of targets under NDCs (such as fixed level targets or budget based targets) do not have a reference point. In those cases, Parties with this kind of NDCs, or whose NDC does not fit a specific reporting requirement, should use a notation key to indicate in the SS that a required information element is not applicable "NA" to its NDC and should provide due explanations that justify it.

On the other hand, to promote transparency when reporting BAU targets under Parties' NDCs, a space for reporting detailed information of annual emissions covered by the BAU scenario should be ensured (as part of the CTFs for reporting GHG projections or as a table that complements the NDC summary table).
  - ii. Indicators: in accordance with paragraph 68 of the MPGS, Parties are required to report the most recent information for each selected indicator to track progress. The way those indicators are reported will be crucial to understand their evolution over time and, therefore, how a Party is progressing in the implementation and achievement of its NDC. In this line, AILAC wants to reiterate that the most appropriate way to visualize indicators evolution is using a tabular format for the SS (even in cases where the indicator is qualitative).

- iii. GHG Emissions: Parties are required to report information on GHG emissions and removals consistent with the coverage of their NDCs, where applicable. It should be then discussed how Parties with non-economy wide targets could use this space to report the evolution of the emissions and removals covered by the NDC.
  - iv. Contribution of LULUCF sector: it should be discussed how this contribution should be reported and which specific information should be provided to clearly understand it.
  - v. Information on Article 6: From AILAC's perspective, it would be necessary to assess not only how the information required in paragraph 77 d) of the MPGS should be reported, but also how to operationalize the reporting, recording and review art 6 cycle in a manner that is consistent with the reporting and review cycle under the transparency framework. To this end, the Article 13 and Article 6 teams must work together on this assessment and must identify actions to be taken in the respective negotiation rooms to ensure the adoption of consistent guidance for tracking and reporting the use of ITMOS towards the achievement of NDCs and the contribution of the article 6 to the climate ambition.
4. Among other questions that must also be addressed are:
- i. what should be the categories used to report sectors as part of the NDC coverage information? Should they be consistent with categories used in policies and measures reporting?
  - ii. What would be the best format to report assumptions, definitions, methodologies and accounting approaches behind the NDC?
  - iii. How to report in the SS the track of progress made in case of single year and multiyear targets?
5. AILAC also likes to present an updated version of CTFs for the electronic reporting of tracking progress in implementing and achieving nationally determined contributions in Annex A with some improvements made to those tables presented by this group in 2019.

#### *Application of flexibility*

6. Application of flexibility on reporting projections and the impact of policies and measures (as part of the elements needed to track progress of Parties' NDCs) should be based on the same rationale used to report the application of this principle in the reporting of national GHG emissions and removals. In addition, it would be necessary to have discussions based on the different levels of flexibility found in the section III.F of the MPGS in order to identify the most appropriate tools to indicate how and where the principle should be applied.

#### *c. Common tabular formats for the electronic reporting of support provided, mobilized, needed and received*

7. Following the lengthy exchange of views among Parties throughout negotiation sessions in 2019 around the different issues to define the **common tabular formats for support provided, mobilized, needed and received**, AILAC considers that deliberations in upcoming negotiation sessions and intersessional work should focus over 7 key technical items, namely:
- i. Inflows and outflows (*support provided –multilateral–*)
  - ii. Climate-specificity of support (*support provided, mobilized*)
  - iii. Grant-equivalence (*support provided, mobilized*)
  - iv. Variables of support mobilized, i.e. types of public interventions, definition [mobilized, catalyzed], methodologies, location and boundaries [internationally], causal links to mobilization (*support mobilized*)
  - v. Definitions for technology and capacity building support by TEC and PCCB (*support provided, mobilized, needed, received*)
  - vi. Use, impacts and estimated results (*support needed and received*)
  - vii. Reporting of support for loss and damage and category of other (*support provided, needed and received*)
8. From AILAC’s perspective, by focusing on technical discussions over the abovementioned 7 issues could greatly help in the respective definition of the common tabular formats for support provided, mobilized, needed and received. Hence, we would suggest that discussions in informal consultation and during the next negotiation sessions are oriented in understanding the technicalities over these issues and in generating clear negotiation options that can be further discussed and negotiated at COP26.
9. AILAC also takes the opportunity of presenting an updated version of CTFs for support provided, mobilized, needed and received in Annex B that is almost identical to those tabular formats presented by this Group in 2019, however with changes in the titles and options for each table, and also with shorter and clearer documentation boxes exclusively for those issues that require further specificity beyond the tables.

#### ***d. Outlines of the biennial transparency report, national inventory document and technical expert review report***

10. Given that there is a sound basis for this item offered as a result of SBSTA 50, deliberations on this topic should focus on specific elements on which further Parties' discussions are required or the identification of elements that should be included to complement the outline proposals presented by the cofacilitators at SBSTA 50.
11. As mentioned above, AILAC considers that some specific discussions under transparency negotiations such as the one related to the outlines of the reports could be finished at the next SBSTA session if the level of progress needed is achieved.

#### ***e. A training programme for technical experts participating in the technical expert review.***

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12. AILAC considers that design a robust training programme for the reviewers participating in the Technical Expert Review will be fundamental to ensure and facilitate continuous improvement of the information provided by Parties in relation to the implementation of the Parties. Providing an effective feedback to Parties will also contribute to the enhancement of the Parties' capacities and national arrangements.

13. In this vein, for AILAC is crucial to have clear guidance of:

- i. Format and scope,
- ii. Modules,
- iii. Contents,
- iv. And timeframes,

Of the training programme.