



ALLIANCE OF SMALL ISLAND STATES

SUBMISSION

TOPIC: ENHANCED TRANSPARENCY FRAMEWORK UNDER THE PARIS AGREEMENT

MAY 2021

MANDATE(S)

Paragraph 12 of Decision 18/CMA.1: Conference of the Parties serving as the meeting of the Parties to the Paris Agreement ('CMA') mandates Subsidiary Body for Scientific and Technological Advice ('SBSTA') to develop a series of reporting and review tools as follows:

. . . requests the SBSTA to develop, pursuant to the modalities, procedures and guidelines, for consideration and adoption by the CMA at its third session (November 2020):

- (a) **Common reporting tables** for the electronic reporting of the information referred to in chapter II, **and common tabular formats** for the electronic reporting of the information referred to in chapters III, V and VI of the annex, taking into account the existing common tabular formats and common reporting formats;
- (b) **Outlines of the biennial transparency report, national inventory document and technical expert review report**, pursuant to the modalities, procedures and guidelines contained in the annex;
- (c) **A training programme** for technical experts participating in the technical expert review

(Emphasis added)

SBSTA Plan for 2021: Chair of SBSTA extended an invitation on 18th March 2021 for further submissions on:

- The common reporting tables for the electronic reporting of the information in the national inventory reports, including examples and options for the formats and contents of tables, in particular background and sector tables, and options for implementation of flexibility;
- The structured summary, including examples to demonstrate how the proposed format could encompass different types of indicators (both quantitative and qualitative) and facilitate tracking of progress
- The common tabular formats on financial, technology development and transfer and capacity-building support, including examples and options for the summary tables, the structure and content of the tables, and how to improve comparability and ensure consistency across specific tables.



ANTIGUA AND BARBUDA AOSIS CHAIRMANSHIP 2021-2022



Antigua and Barbuda welcomes the opportunity to present views on behalf of the Alliance of Small Island States ('AOSIS'), a group of 44 developing countries among the most vulnerable to the adverse effects of climate change.

This submission is made in response to the call for submissions by the SBSTA Chair to provide further views on aforementioned matters relating to methodological issues under the Paris Agreement (Transparency).

(i) GUIDING PRINCIPLES AND KEY CONSIDERATIONS

A number of core transparency-related principles in Article 13 of the Paris Agreement and its adopting Decision 1/CP.21 are reflected in the modalities, procedures and guidelines ('MPGs') for the enhanced transparency framework ('ETF') adopted at COP24. These include guiding principles in paragraph 3(a)-(h) of the Annex to Decision 18/CMA.1 ('Annex 18/CMA.1").

The reporting tables and report outlines to be developed under the SBSTA must support and not undermine these principles or the MPGs. The design of the products should aim to promote and facilitate reporting that:

- **improves in its quality and comprehensiveness over time**, and which becomes **more transparent, accurate, complete, consistent and comparable ('TACCC') over time** – same or better quality/quantity of reporting than previously conducted, with improved reporting over time;
- provides transparent information that ensures **environmental integrity** and **avoidance of double counting**;
- ensures there is **no backsliding** - with Parties maintaining at least the frequency and quality of reporting under the Convention;
- strikes an appropriate balance between delivering complete and transparent information, while **not placing undue reporting burden on developing country Parties with limited capacity**; and
- is facilitative, non-intrusive, non-punitive and respects national sovereignty

while taking into account the need to provide flexibility to those developing countries that need in light of their capacities and recognising the special circumstances of the least developed countries ('LDCs') and small island developing States ('SIDS').

(ii) COMMON REPORTING TABLES FOR THE ELECTRONIC REPORTING OF THE INFORMATION IN THE NATIONAL GREENHOUSE GASES INVENTORY

AOSIS countries will require capacity building to bridge the gap between Intergovernmental Panel on Climate Change ('IPCC') reporter and new system. Specific capacity building arrangements should be put in place to address the constraints of SIDS and LDCs. This could include a training component, a matching component that pairs AOSIS/LDC country inventory compilers with compilers from developed country Parties for the preparation of National Inventory Reports, and/or the development of a simulation type exercise that would allow for AOSIS experts to gain as much practical experience as possible with using the new system.



AOSIS countries have limited to no experience with the use of the current Common Reporting Format ('CRF') software, however the group is of the view that the new system to be established should address the following:

- Interoperability with IPCC inventory compilation system; many AOSIS countries have developed some capacity with the IPCC system in the preparation of their national inventories. It would be important to be able to build on this existing capacity in transitioning into the new system and in so doing help to reduce the reporting burden. This would allow ease of transfer of data from one system to another and should include historical data. As such, interoperability or some type of software solution needs to be developed to ease the burden on AOSIS countries in the move to the new system;
- After negotiations for the mandates as stated in Paragraph 12 of Decision 18/CMA.1 have concluded, it would be important to ensure that there is a consultative process established involving Parties, inventory compilers and the software developers to discuss the specifics of the design of the new system. This could be developed with the assistance of the Consultative Group of Experts ('CGE') and should be done in coordination with arrangements under CBIT and other capacity building programmes;
- As far as possible, the new system should improve on the existing system to address existing issues with user-friendliness and to improve transparency. For example, information on the production approach used for reporting on emissions from Harvested Wood Products needs to be clear;
- The new tables should allow for the reporting in more granular detail of the source of CO₂ for storage e.g., whether it comes from biomass combustion, fossil fuel combustion, or direct air capture.

(iii) FLEXIBILITY

Article 13.2 of the *Paris Agreement* provides that:

'the transparency framework shall provide flexibility in the implementation of the provisions of this Article to those developing country Parties that need it in the light of their capacities. The modalities, procedures and guidelines referred to in paragraph 13 of this Article shall reflect such flexibility'.

Paragraphs 5 and 6 of the Annex to Decision 18/CMA.1 establish the conditions under which Article 13.2 is to be operationalised. They do not create additional layers of flexibility for the implementation of Article 13. Paragraph 5 establishes the self-determined nature of the flexibilities available in the MPGs to those developing country Parties that need it in the light of their capacities; and paragraph 6 sets out the information to accompany the use of the available flexibilities and gives guidance on how they are to be reviewed.

In the application of the flexibilities provided in the MPGs to developing countries that need it in the light of their capacities AOSIS wishes to highlight the following:

- Leaving rows and columns blank or deleting entire tables does not promote transparency and is inconsistent with TACCC principles. This should be avoided in the operationalising of flexibility in the table structure. Parties could instead use specific notation keys in rows/columns/tables where information is not available and flexibility is being applied. Using a notation key is important for improving reporting over time and tracking progress in reporting at the national level. This would be particularly



important for developing countries like those in AOSIS with very underdeveloped national systems

- There are many options to be explored for indicating flexibility - these can be **combined in different ways specific to particular provisions**. For example, combining the use of notation keys with documentation boxes to provide additional information in line with the provisions of Decision 18/CMA.1
- **New notation keys** could be developed to differentiate between the application of flexibility available to developing countries that need it in light of their capacities and other types of flexibility options available for a specific provision
- Footnotes can accompany notation keys and provide information specific to a cell, e.g., to reference the flexibility provision used
- Documentation boxes provide additional information about the data within a table, e.g., paragraph 25 of the *MPGs (identify key categories using a threshold of no lower than 85%)* would require a documentation box or cell in which the threshold used could be input

Table 1: Examples of the operationalisation of flexibility provisions for those developing countries that need it in light of their capacities.

Paragraph	Flexibility for developing countries	Suggestion for reporting flexibility
32	Assessment of completeness – emissions are insignificant if <0.1% of total emissions excl. LULUCF, or <1,000 kt	Specific notation key (e.g. FL) + information on the threshold used included in a documentation box on the CRT
48	Gases: only need to report CO ₂ , CH ₄ and N ₂ O, plus any in the NDC, used in art 6, or previously reported	Notation key (e.g. FL) + footnote or documentation box to explain the flexibility.
57	Time series: developing countries can report data including the ref year / period and from 2020 onwards.	Notation key (e.g. FL) for years without reported data + footnote or documentation box to explain the flexibility
58	Last reporting year: developing countries can report up to 3 years before NIR submission	

AOSIS has also proposed a summary table on flexibility that could:

- Allow Parties to highlight capacity building needs more clearly;
- Improve comparability between Parties' use of flexibility and capacity constraints;
- Be suitable for all flexibility provisions;
- Facilitate the technical expert review;
- Promote TACCC principles by showing transparently which flexibility provisions have been used; and
- Assists developing countries to prioritise improvements to be made to the national system.



Table 2: Example of summary table on flexibility

Provision in MPGs to which flexibility has been applied	(Heading of MPG section /sub-section)*	How has flexibility been applied?	Concise clarification of capacity constraints	(What other provisions do these capacity constraints apply to?)*	Estimated time-frame for improvements in relation to capacity constraints	(What is needed to overcome capacity constraint/basis for time-frame for improvement)*
Para 29	Uncertainty assessment	Estimate of uncertainty for a key category only qualitatively discussed (no quantitative estimate submitted)	Unavailability of uncertainty estimates for collected data/ chosen input parameters for solid waste key category	23 – tier approaches 44 – reporting on uncertainty analysis 48 – reported sectors and gases 57 and 58 – time series	Party aims at including within the next 5 years*	Resources for improving national data collection systems
Para 32	Assessment of completeness – emissions are insignificant if <0.1% of total emissions excl. LULUCF, or <1,000 kt	Use of FL notation key supplemented by additional information on the threshold in documentation box	Lack of data and input parameters to quantify emission estimates and gauge applicability of significance threshold	29 – uncertainty assessment 48 – reported sectors and gases	Party aims at including within the next 5 years*	Resources for improving national data collection systems
Para 48	Gases: only need to report CO ₂ , CH ₄ and N ₂ O, plus any in the NDC, used in art 6, or previously reported	Use of a notation key supplemented by additional information in a documentation box	Additional gases not measured domestically and not used in A6	47 – estimates of emissions and removals for all categories	Party aims at including within the next 5 years	Institutional capacity and resources for measuring

* headings marked with a star may be considered non-mandatory. Additionally the final two headings may be combined in order to allow Parties to prioritise specific improvements over a time series



(iv) STRUCTURED SUMMARY ON PROGRESS MADE IN ACHIEVING NATIONALLY DETERMINED CONTRIBUTIONS ('NDCs')

AOSIS has made a previous submission on the structured summary table that is re-submitted here. The AOSIS proposal aims to ensure the following:

1. In addition to providing a figure for the net emissions, there is a space to enable Parties to report annual NDC-related gross emissions, distinct from NDC-related removals in the calculation of the emissions balance;
2. Information on share of proceeds ('SOP') and overall mitigation in global emissions ('OMGE') are reflected in the structured summary;
3. Parties are able to report clearly on progress relative to conditional and unconditional targets;
4. Parties are able to report on annual information related to indicators, comparison of indicator with reference.
5. The provision of annual information on the contribution of Land Use, Land-Use Change and Forestry ('LULUCF').

The group expects that this main table should be accompanied by additional tables that describe the NDC; addresses assumptions and methods as well as policies and measures.

PARAGRAPH 77(D)

In accordance with Decision 18/CMA.1, all Parties have agreed that if they have authorised the use of mitigation outcomes for international mitigation purposes other than achievement of their NDCs, they will provide information required by paragraph 77(d) in their structured summaries. This will help ensure, for example, that mitigation outcomes and emission reductions authorized for use for the Carbon Offsetting and Reduction Scheme for International Aviation ('**CORSIA**') **offsetting** purposes are tracked, and not double counted with emission reductions used toward NDCs or double counted elsewhere

Information related to markets that goes into the structured summary will depend on the outcome of discussions in those negotiations. In the interim, the elements contained in paragraph 77(d) of the MPGs should be understood as **a starting point only**. AOSIS wishes to stress the following:

- Paragraph 77(d) makes clear that **quantified Article 6 information and related corresponding adjustments**, in CO₂ equivalent, will flow into the structured summary;
- Paragraph 77(d) indicates that annual NDC-related emission level information, on an annual basis, will be reported biennially in the structured summary by parties participating in cooperative approaches under Article 6 or authorizing the use of mitigation outcomes for international mitigation purposes other than achievement of NDCs;
- Reporting on the use of Article 6 for tracking progress on implementation of NDCs should only take place once Article 6 rules and guidance have been agreed. Under Article 6, information will need to be reported annually, and from all participating parties, this includes information on transfers in connection with OMGE and SOP elements which also need to be captured in the structured summary. The timing, content of, and vehicles for the information required in connection with Article 6 have yet to be recommended by the SBSTA for adoption by the CMA. AOSIS is of the view that in the absence of such guidance and rules, reporting on Article 6 transfers under the transparency framework will not be possible.



- Even in the absence of agreement on the rules and guidance for Article 6, agreement on the structured summary remains a priority and placeholders can be used to reflect the areas where Article 6 information would be included.

(v) COMMON TABULAR FORMATS ON SUPPORT PROVIDED & MOBILIZED AND NEEDED & RECEIVED:

AOSIS has made a previous submission on common tabular formats ('CTFs') for support provided and mobilized, and needed and received (NOTE: These CTFs are hereby resubmitted as a part of this submission). AOSIS would also like to reaffirm the potential challenges it highlighted in its 2019 submission.

NUMBER OF TABLES: AOSIS currently in its submission for CTFs for Support has twelve (12) tables. As outlined in Table 3, there are five (5) for Support Provided and Mobilized ('P&M') and seven (7) Needed and Received ('N&R').

Table 3: Summary of the CTFs for Support tables within the AOSIS Submission 2019

CTFs for Support Provided and Mobilized	CTFs for Support Needed and Received
1. Bilateral, Regional and Other Channels	6. Financial Support Needed
2. Multilateral Channels	7. Financial Support Received
3. Finance Mobilized	8. Technology Development and Transfer Support Needed
4. Technology Development and Transfer	9. Technology Development and Transfer Support Received
5. Capacity Building	10. Capacity-building Support Needed
	11. Capacity-building Support Received
	12. Transparency-relate Activities and Capacity-building support Needed and Received

REPORTING YEARS: AOSIS would like to reiterate that if fiscal years are used for reporting, only amounts disbursed and committed within the BTR reporting period should be used to avoid double counting. Reporting years should not overlap in a CTF. Each CTF should have two separate and distinct years that corresponds to the BTR reporting period. For example: If the BTR reporting period for a developed country Party is 2020-2021, the Party should complete twelve (12) separate tables for 2020 and an additional twelve (12) tables for 2021, with a total of twenty-four (24) tables for the entire BTR reporting period.

FOOTNOTES: AOSIS supports the inclusion of footnotes to ensure the safeguarding against areas that have a high risk of exploiting the TACCC principles.

NOTATION KEYS: AOSIS is of the view that handling non-inclusion of information in CTFs should be represented by notation keys. It should be noted that it is an overarching AOSIS position not to allow deletion of columns, table, etc. in order to ensure the TACCC principles are followed.

DOCUMENTATION BOXES: AOSIS can support the inclusion of documentation boxes once they aid in ensuring that the TACCC principles are followed.

SUMMARY TABLES: AOSIS sees value in having summary tables that captures summarized amounts from two sets of CTFs for Support (i.e. 1) P&M; and 2) N&R).



For the P&M CTFs, it is important to capture the following total amounts for each support type (i.e. adaptation, mitigation, loss and damage, cross-cutting, other) in its summary, *inter alia*:

1. Bilateral, Regional & Other Channels
 - Grant Equivalent (*Disaggregated by Status [i.e. Committed or Disbursed]*)
 - Face Value (*Disaggregated by Status*)
 - Financial Instruments (*Disaggregated by the Types*)
 - Sectors (*Disaggregated by the Types*)
2. Multilateral Channels
 - Grant Equivalent (*Disaggregated by Status*)
 - Face Value (*Disaggregated by Status*)
 - Core-general (*Disaggregated by Status*)
 - Climate-specific (*Disaggregated by Status*)
 - Inflows (*Disaggregated by Status*)
 - Outflows (*Disaggregated by Status*)
 - Financial Instruments (*Disaggregated by the Types*)
 - Sectors (*Disaggregated by the Types*)
3. Finance Mobilized through Public Interventions
 - Public Intervention (*Disaggregated by the Types*)
 - Resources Used to Mobilize Support
 - Grant Equivalent
 - Face Value
 - Sectors (*Disaggregated by the Types*)
4. Finance Provided to SIDS & LDCs (*Disaggregated by total amounts [1] excluding and [2] including: international or regional activities, projects, or programmes that involve a SIDS and LDCs*)
 - Bilateral, Regional, & Other Channels*
 - Grant Equivalent (*Disaggregated by Status*)
 - Face Value (*Disaggregated by Status*)
 - Financial Instruments (*Disaggregated by the Types*)
 - Sectors (*Disaggregated by the Types*)
 - Multilateral Channels*
 - Grant Equivalent (*Disaggregated by Status*)
 - Face Value (*Disaggregated by Status*)
 - Financial Instruments (*Disaggregated by the Types*)
 - Sectors (*Disaggregated by the Types*)
 - Finance Mobilized through Public Interventions*
 - Public Intervention (*Disaggregated by the Types*)
 - Resources Used to Mobilize Support
 - Grant Equivalent (*Disaggregated by Status*)
 - Face Value (*Disaggregated by Status*)
 - Sectors (*Disaggregated by the Types*)

For the N&R CTFs, it is important to capture the following total amounts for each support type (i.e. adaptation, mitigation, loss and damage, cross-cutting, other) in its summary, *inter alia*:



1. Finance Needed
 - Total Amount
 - Financial Instruments (*Disaggregated by the Types*)
 - Sectors (*Disaggregated by the Types*)

2. Finance Received
 - Total Amount
 - Financial Instruments (*Disaggregated by the Types*)
 - Sectors (*Disaggregated by the Types*)

It should be noted that these summary tables should be auto-filled by the CTFs template/software once a Party has entered information into other CTFs.

GRANT EQUIVALENCY: AOSIS is of the view that the grant equivalency reporting of finance support provided and mobilised is paramount. Grant-based financing, especially for adaptation, is clearly outlined as a specific need and consideration when balancing the composition of climate finance as highlighted in Article 9(4) of the *Paris Agreement*. Grant equivalency reporting is crucial for tracking the equitable fulfilment of developed country Parties obligations under Article 9. Understanding the grant equivalency value of support will also assist in monitoring to what extent climate finance is sustainable financing. A number of developing countries Parties (especially SIDS and LDCs) currently face unsustainable debt situations that have been further exacerbated by the economic consequences of the COVID-19 pandemic. Robust information on the grant equivalent component of concessional climate finance will provide the international community with greater clarity on:

- what is actually being delivered to developing countries?
- whether the support is financially sustainable for developing countries or does it, in fact, contributed to unsustainable debt? and
- whether the support is a burden on the particularly vulnerable?

As a result, reporting on grant equivalency will assist in the achievement of the MPGs purpose of providing clarity on such support.¹

To ensure TACCC principles are being following (particularly in relation to the completeness of reporting), there must also be under the 'Amount' column, a separate sub-column for 'grant equivalent amount', and a separate sub-column for 'face value amount'.

MOBILIZED FINANCE: AOSIS would like to specifically highlight the potential issues for ensuring adherence to TACCC principles that need to be considered when reporting financial support mobilized through public interventions. These include, *inter alia*:

- Lack of a definition for financial support mobilized
- Accounting boundaries for financial support mobilized in question (including temporal boundaries)
- Attribution of private financial support mobilized
- Common standard and verification process for establishing the causal link between financial support mobilized and public intervention
- Use of public interventions of an extraterritorial nature (i.e. domestic intervention of a developed country extended to a developing country)

¹ UNFCCC, 'Decision 18/CMA.1: Annex' (2018) para 2.



TYPES OF SUPPORT: AOSIS supports the inclusion of a distinct ‘loss and damage’ option for drop down menu for the ‘Type of support’ columns for both sets of CTFs, especially for N&R CTFs. It is a well-established AOSIS position that loss and damage response is one of three distinct pillars of the response to climate change and its adverse effects.

LINKAGE TO BTR OUTLINE: AOSIS supports the inclusion of explanatory notes/instructions within the BTR Outline to guide Parties in their completion of the BTRs. AOSIS looks forward to engaging with other Parties on to develop an agreed approach for such explanatory notes/instructions.

AOSIS has also proposed that an Underlying, Assumptions, Definitions & Methodologies (‘UADM’) table in the P&M CTFs section of the BTR Outline that prompts Parties to include UADM, as applicable, for every entry in those CTFs.

