



Submission by South Africa on the challenges experienced by developing countries in implementing the Enhanced Transparency Framework of the Paris Agreement

30 April 2023

1 Mandate

South Africa welcomes the opportunity to submit its views on challenges experienced by developing countries in implementing the Enhanced Transparency Framework (ETF). The mandate provided in the conclusions to the new agenda item on “provision of financial and technical support to developing country Parties for reporting and capacity-building” under the Paris Agreement (FCCC/SBI/2022/L.25) at COP 27, is an outcome of the first deliberations under this item. The mandate refers to paragraph 5, which is worth quoting in full:

“The SBI also noted the challenges that developing country Parties face in implementing the enhanced transparency framework in a sustainable manner, including establishment and enhancement of national reporting systems within their respective national governments.”

South Africa attaches particular significance to the reference to the “establishment and enhancement of national reporting systems within their respective governments” (our emphasis), as in our view, this is the only sustainable way of building national reporting capacity to address the challenges referred to above. South Africa asserts that “capacity is

tied to self-reliance and self-determination”¹, and that the multiple forms of support for reporting and capacity-building (as contemplated in Article 13 of the Paris Agreement, 1/CP.21, 1/CP.24, 18/CMA.1, 5/CMA.3, and elsewhere) must address these challenges in this context.

We provide some background on reporting by South Africa, and then provide additional views on what should be covered in this agenda item to address the support needs of developing countries for reporting.

2 Background

South Africa has done well in reporting to the United Nations Framework Convention on Climate Change (UNFCCC) under the Measurement, Reporting and Verification (MRV) framework decided in Cancun, having submitted four Biennial Update Reports (BURs) as well as three National Communications (NCs) to the UNFCCC. Three of the four BURs have undergone a full International Consultation and Analysis (ICA) process, whilst the fourth BUR will undergo the Facilitative Sharing of Views (FSV) process with other developing countries at the upcoming 58th session of the Subsidiary Bodies in June 2023. South Africa’s fifth and final BUR is currently undergoing a review process, and will be submitted to the UNFCCC later this year. At the same time, we are making preparations for our first Biennial Transparency Report under the Paris Agreement, which will be submitted in 2024.

South Africa has developed an MRV and reporting system over the last twelve years, which we view as essential not only to fulfil international reporting obligations, but also to provide the evidence base for national climate policy, in common with other developing countries. The enhanced transparency framework will require further development of this system.

While South Africa and other developing countries have benefited significantly from financial and technical support for reporting, in addition to the expenditure of national resources, we identify below some of the challenges we have and are experiencing in accessing adequate support, and highlight some of the shortcomings of current support provision in relation to the development of national reporting systems for reporting under the Paris Agreement.

¹ Sokona, Youba. (2021). Building capacity for ‘energy for development’ in Africa: four decades and counting. Climate Policy. 22. 1-9. 10.1080/14693062.2020.1870915.

3 Challenges

We outline these challenges below:

3.1 Accessing support for reporting from the GEF

We refer here to support for producing reports. It is indeed a cumbersome process for countries like South Africa to access the GEF funds for reporting. While acknowledging the good work the GEF has done, in response to guidance from Parties, in streamlining the processes for accessing funds, it is still a lengthy procedure requiring multiple documents and templates to be completed, before and after the approval of the GEF CEO. At the moment, South Africa is one of the countries whose BTR funding has been approved by the GEF under the existing umbrella of our BUR5/NC4 project, currently under implementation.

South Africa is still required to put together a Project Implementation Plan (PIP) outlining all major activities that need to be completed in order to compile our first BTR, finalise it and submit it. Whilst South Africa underscores the importance of developing a detailed plan that is clear on timelines, activities, budget and any other additional resources required and provided, the level of detail required to complete the PIP is extensive, given the period remaining to submit our first BTR (31 December 2024). At present, only one person is responsible for ensuring that the PIP is compiled and approved, and who is also responsible for overseeing the compilation of BUR5 and NC4, as well as many other domestic responsibilities. This then requires the appointment of an outside consultant, and while South Africa does commend the GEF for allowing the use of the existing BUR5/NC4 project funds to fund this, outsourcing this does not build capacity within government.

In addition, whilst approval for South Africa's first BTR funding was granted in January 2023, communication from the implementing agency only reached the South African government in March 2023, with all the supporting documentation and templated required to be completed.

Lastly, it seems that some developing countries still experience difficulties in accessing any support for reporting at all from the GEF. This has been the case for a number of years, and has never been properly addressed.

3.2 Sequence and timing of the transition in relation to GEF funding

Furthermore, countries like South Africa who are already implementing BUR5/NC4 projects may only access funds for the first BTR after submission of the last BUR, implying that even if all the relevant templates and documents have been completed and approved, the BUR

and BTR projects cannot run in parallel. These barriers increase significantly the difficulty of transitioning to the ETF.

3.3 Inflexibility in the use of funding

Another challenge with the use of GEF funding for enabling activities such as BURs, BTRs as well as NCs is that the way the use of the funds are required to be structured. For example, for each enabling activity project, there is a budget to establish the Project Management Unit (PMU), and it would only be the Project Coordinator who is directly funded from the project (GEF). The amount is normally capped at a level which, as experienced in the South African context, is below the normal salary levels of a position with those type of responsibilities, and which varies from country to country. In many cases, this means that we cannot hire the relevant expertise or have to shorten the duration of the contract of the PC to ensure that the funds provided will be sufficient for the contracted amount.

3.4 Restrictions on the use of funding to build national capacity in government

The most serious problem which is faced by developing countries, including South Africa, related to support for reporting, is that there are restrictions on using the GEF funding to establish and maintain core reporting capacity in government.

Developing countries like South Africa require personnel in government who can at least be employed on a contractual basis from one enabling activity project to another, to ensure the retention of skills and experience and entrench institutional memory. This is the path to functional institutional systems as well as the required capacity and institutional memory for reporting, and a precondition for improvement over time. Currently, the budget lines for the different components of reporting (National Circumstances, GHG inventory, Mitigation, Adaptation, Support Needed and Received, Additional Information) may only be used by service provider/s who aid in the compilation of reports, rather than to fund capacity in government. This traps developing countries like South Africa in a perpetual cycle of relying on external service providers instead of building fully functional national systems.

For instance, South Africa already has a Climate Change Information System (NCCIS) which is a central hub of many other climate change tracking systems and functions, as the main climate change monitoring and evaluation system of South Africa. Even though the system is partially hosted within government (in the Department of Forestry, Fisheries and the Environment (DFFE)), some of the key components of the system such as the National Climate Change Response Database (NCCRD) are hosted with an external provider. This is due to a lack of capacity and sufficient financial resources to run and update the NCCRD which is

used to collect and upload data on mitigation, adaptation as well as projects under research including the support needed and received for implementation. This in turn poses further challenges for South Africa, as annual fees have to be paid to the service provider for maintenance and updating. In addition, there are additional risks that the data will simply be lost. The government does not have full ownership over its own system. South Africa is struggling to access sufficient bilateral and multilateral funding to address such challenges, and migrate the NCCRD into government and ensure that it is updated and maintained. South Africa would also like to enhance the functionality of the NCCRD by developing provincial Climate Change Databases across all nine provinces of South Africa, and link these to the NCCRD so that provinces can upload climate change data which will automatically feed into the NCCRD. This process would streamline the data collection process, as national government will mostly be responsible for analysis, verification and subsequent reporting.

South Africa is therefore unable to fully address gaps in the current MRV system due to lack of funding. South Africa has been training provinces on the need for provincial climate change databases through the CBIT project, however this has not progressed further on account of a lack of funding. Mpumalanga as a province remains an exception, having developed its own provincial system from donor funds, on the basis that the country's coal industry is based there. This kind of bilateral funding is very valuable, but it reflects the priorities of donors and not the overall needs of the national system.

In addition, the current national systems which South Africa does have are in turn dependent on other national systems – for instance, our GHG inventory is heavily dependent on our national energy balance. These underlying systems require further development to significantly increase the quality of data for reporting and for national policymaking. These in turn require personnel in government who have the capacity to enable data collection, analysis, verification and reporting on a regular basis. South Africa often receives funding to employ a few personnel for data collection, analysis, verification as well as systems maintenance, but normally this is sourced from bilateral funding which is limited to a period of one or two years. When these contracts end, unless additional funding can be found, capacity is lost. Using the funding for each report from GEF to fund sustainable capacity in government would go a long way to addressing this problem.

The irony of this situation is that developing countries can apply for and use CBIT grants to build capacity within government for reporting, but that same capacity cannot be maintained by ongoing support for reporting. We understand that there were presumably good reasons

for imposing these restrictions, but this problem must be resolved to achieve the objectives set out in Article 13.

3.5 Adequacy of support for reporting

Finally, we once again raise the issue of the adequacy of the support provided for reporting through the GEF to developing countries. While we are grateful for the response by GEF to previous guidance from Parties to increase the amount of financial support, most developing countries commented in discussions under this agenda item that the amount provided was not yet sufficient to cover the full costs of reporting. We have two concerns, which have been raised previously:

- The methodology used by GEF to determine this about is not sufficiently based on the experience of developing countries themselves. The “focus group” approach which GEF seems to have employed to arrive at these estimates is not a sufficient basis to assess the actual needs of developing countries. The costs for undertaking BTRs are likely to be far higher for developing countries initially since new systems need to be established to meet the significantly more detailed reporting requirements of the ETF.
- The current system is inadvertently biased towards the use of external consultants, since the funding cannot be used to sustain capacity in government, as outlined above. Most developing countries, including South Africa, face a certain amount of budget austerity following COVID, and are not able to expand on-budget capacity within the relevant line departments. Using the GEF funding would help to address this problem, and in the longer run would actually be cheaper than using external consultants, since skills will be maintained, institutional memory will accumulate, and systems will effectively improve over time. The support provided via GEF should be structured to be used in this way, rather than by external consultants, and based on a regular assessment of actual needs.

4 Views on what should be covered in this agenda item

The scope of this agenda item – “provision of financial and technical support to developing country Parties for reporting and capacity-building” – which is derived from its companion item under the Convention, should cover all the elements necessary to ensuring that the multilateral provision of support for, and capacity-building for, reporting under the Paris Agreement by developing countries. Currently, practice under the Convention, and for the

first meeting under this agenda item at COP 27, is to focus on the GEF and the GEF's support for reporting.

While this is very important, it does not provide a full picture. There are other forms of multilateral support provided for reporting to developing countries in terms of the decisions noted above, and it would be very useful to provide information on how these are being implemented as well, including technical support from the Secretariat, which is very important and is not usually considered under this agenda item.

We look forward to further productive discussions under this item.