



NEW ZEALAND

Submission to the APA on transparency February 2016

Context

1. With respect to APA agenda item 5, the conclusions of the second part of the first session of the Ad Hoc Working Group on the Paris Agreement invite Parties to submit, by 15 February 2017, their views on the following questions:

(a) What should be the specific components of the modalities, procedures and guidelines (MPGs) for the transparency of action and support under Article 13, paragraphs 7, 8, 9, 10, 11, and 12?

(b) How should the transparency framework build on and enhance the transparency arrangements under the Convention, recognizing that the transparency arrangements under the Convention shall form part of the experience drawn upon for the development of the MPGs?

(c) With respect to the MPGs, how should flexibility for those developing countries that need it in the light of their capacities be operationalized?

(d) What other elements should be considered in the development of the MPGs, including, inter alia, those identified in paragraph 92 of decision 1/CP.21?

2. New Zealand welcomes the opportunity to make a further submission on Article 13 taking into account the questions above. We note that in the round of submissions on the transparency framework that Parties made prior to the Marrakech meeting there were a number of suggestions for elements/structure of the MPGs for reporting (relevant to question (a) above), and these ideas from other Parties have helped form our views for this submission¹.

Executive summary

3. New Zealand's submission builds on our submission of September 2016. This new submission provides our views on each of the four areas identified in the conclusions of the second part of the first session of the Ad hoc Group on the Paris Agreement. In summary:

¹ The work of the OECD/IEA Climate Change Expert Group (CCXG) is also acknowledged in this regard. In particular the papers "Possible structure of mitigation-related modalities, procedures and guidelines for the enhanced transparency framework" and "Enhancing transparency of climate change mitigation under the Paris Agreement: lessons from experience" (both available from the CCXG website at <http://oe.cd/ccxg>) helped inform New Zealand's submission.

- The success of the Paris Agreement depends in large part upon full and effective participation in the transparency system, and New Zealand is committed to operationalising flexibility in a way that supports the effectiveness of the Agreement. We need to develop a common framework that accommodates different starting points (i.e. capacities) of Parties, and that recognises the importance of facilitating improved reporting and transparency over time.
- We stress the need to establish a robust new framework that is practical and efficient, that avoids placing an undue burden on Parties or the secretariat, and that is firmly based on the requirements in the Paris Agreement for a common transparency framework for action and support. The use of tabular formats for reporting and in the structure of review reports will help achieve a practical and efficient framework.
- Our collective experience to date (including of the secretariat) will be an important component of our approach to the design of the common transparency framework; hence New Zealand suggests that as part of the workshop in March 2017 the secretariat should be invited to share its experience as administrators of the current system.
- As part of the submission we provide an annex that presents a proposed structure for the MPGs for transparency of action and support. More detail is provided on the reporting aspects as this is a logical starting point for our work.
- The CMA decision that adopts the MPGs will need to set out the timing of reporting, including when the first report is due under the Paris Agreement.

Specific components of the MPGs

4. A possible structure for the MPGs for transparency of action and support is annexed to this submission. This proposed structure is by no means exhaustive, but presents some of the key concepts and components that, in New Zealand's view, should be reflected in the MPGs. It draws from the existing MRV system, but is firmly based on the requirements in the Paris Agreement for a common transparency framework for action and support. It includes mandatory and non-mandatory elements and allows for flexibility where needed (which we discuss further below). At this stage we are providing more detail on reporting as this is the logical starting point for our work, with MPGs for review and multilateral consideration to follow.

5. As presented in New Zealand's submission on 26 September 2016, the MPGs need to reflect both mandatory and non-mandatory aspects of Article 13 with appropriate wording for each. The need for consistency and comparability of information as a key enabler for delivering on Article 13 will be an integral consideration as we develop the MPGs. Where appropriate, the MPGs will also need to reflect the flexibility agreed i.e. flexibility in the implementation of the provisions of Article 13 provided to those developing countries that need it in light of their capacities. It is important that the MPGs are developed with a clear line of sight to the overarching purposes of the transparency framework as per Article 13, paragraphs 5 and 6, as a lens through which to determine reporting requirements.

Enhanced transparency arrangements and our experiences so far

6. We are charged with developing a common transparency system for action and support applicable to all Parties, while acknowledging, and building on the lessons learnt from the existing MRV system. We would like to underline the importance of using the experience gained to date with the existing MRV system; this should help establish a robust new framework that is practical and avoids placing an undue burden on Parties (as per Article 13.3) or the secretariat (Decision 1/CP.21, para 92(d)), which is crucial in New Zealand's view. An approach that avoids placing undue burdens on Parties whereby, for example, reporting requirements that are manageable, would facilitate broader and more comprehensive reporting by Parties, particularly those only encouraged rather than required to provide information. In this way, more information will be available to others. This is very much in line with the purposes of the transparency framework in Article 13, paragraphs 5 and 6. Taking this into account, and based on our experiences with the existing MRV system, it is New Zealand's view we will need to take a pragmatic approach and design an efficient system to best deliver on our transparency objectives. Conversely, if we are not mindful of the limits of what Parties and the secretariat can reasonably deliver, we risk creating something that will collapse under its own weight.

7. In this context we should draw from the experiences of Parties as they have engaged in the various components of what we do now – this includes experiences with reporting, with review or technical analysis and with multilateral assessment or the facilitative sharing of views. Also embedded in this experience of Parties are the experiences of the technical experts from Parties, both developed and developing, that take part in the expert review and technical analysis processes. Parties already have several channels for sharing their experiences with the current system (e.g. through this and the previous submission round, and in their interventions at formal and informal meetings). Bringing in the experience of the secretariat as the administrator of the current MRV system is also important and should help inform the design of the transparency framework under the Paris Agreement. **New Zealand suggests that the secretariat should be invited to share this experience as part of the workshop in March 2017.**

8. In the current MRV system New Zealand's reporting has benefited from the regular cycle of reporting and review, with both the regularity of reporting and the review process being instrumental in improving New Zealand's reporting through time. Our experiences (as a Party and through the experts that we contribute to the review/analysis processes) demonstrate the importance of retaining the flexibility of having a range of review/analysis formats (desk, centralised, in-country). In New Zealand's view there is huge value in having in-country reviews as part of the portfolio: these are non-threatening and facilitative, and provide a great peer-to-peer learning environment.

9. Our experience with the current multilateral processes (the facilitative sharing of views (FSV) and the multilateral assessment (MA)) has reinforced that "learning by doing" works, and illustrated the principle and benefits of commitment to continuous improvement. We have benefited from written and oral questions and feedback from other Parties which has been valuable in improving our reporting. The principle of continuous improvement and this "learning by doing" part of our experience must underpin the transparency framework under

the Paris Agreement. However, while the current multilateral processes have provided an opportunity for Parties to showcase what they are doing in response to the challenge of climate change, securing this benefit requires a Party to be fully engaged. By being fully engaged we mean reading the BRs/BURs from other Parties and the accompanying review/technical analysis reports, formulating written questions where clarification or more information is desirable, and taking an active part in the MA and FSV sessions at SBI meetings. From the perspective of a small country we have found this quite challenging, but at the same time have appreciated other Parties' efforts to engage, and have gained a much better understanding of the actions of other Parties through the exchanges in the MA and FSV sessions. Before designing the new multilateral consideration element of the transparency framework under Article 13 we need to take a good look at and learn from our collective experience to date to ensure an efficient outcome that is fit for purpose and doesn't create something that is unworkable and that creates an undue burden. There will be time to return to this issue as the work programme to develop the MPGs progresses.

Flexibility

10. Article 13.2 of the Paris Agreement sets out Parties' agreement that the transparency framework shall provide flexibility to those developing countries that need it in light of their capacities. Paragraph 89 of Decision 1/CP.21 provides further guidance that this flexibility may be required by some countries in respect of the scope, frequency and level of detail of reporting, and in the scope of the review. Since the success of the Paris Agreement depends in large part upon full and effective participation in the transparency system New Zealand is committed to operationalising flexibility in a way that supports the effectiveness of the Agreement.

11. We need to develop a common framework that accommodates different starting points (i.e. capacities) of Parties, and that recognises the importance of facilitating improved reporting and transparency over time. New Zealand considers the principle of continuous improvement through time, already expected under the transparency framework, should be established as its founding principle. Current capacities define countries' entry points to the system, but do not, and should not, be locked into the MPGs.

12. Capacity will be built over time and regular reporting and review has an important role in this process. The principle of continuous improvement can be applied through the use of improvement plans, for example by MPGs for reporting that specifically require having and reporting on an improvement plan. Such a requirement would be one way for the MPGs to take evolving capabilities and national circumstances into account.

13. In New Zealand's view our first task is to develop common provisions for reporting, review and multilateral consideration that apply to all Parties, and then to identify why and how flexibility provisions might be needed. We do not see the need for flexibility where the relevant provision of the Agreement already applies discretionary obligations. Some flexibility provisions might be built into the MPGs themselves, and some might be covered in the CMA decision that adopts the MPGs. We discuss some specific examples below. However formalised, the extent to which flexibility is exercised needs to be fully integrated

into reporting requirements i.e. if a developing country Party makes use of flexibility provisions, this needs to be transparently reported by the Party.

14. The IPCC guidelines for national greenhouse gas inventories already provide considerable flexibility for countries to select methods and approaches that fit with their own national circumstances – this is a fundamental principle on which the IPCC guidelines are developed. These flexibilities and choices are available to all Parties and the transparency framework will continue this.

15. The Paris Agreement provides Parties with the flexibility to nationally determine their own contribution under Article 4. This flexibility will continue for future NDCs. A Party will report information necessary to track progress made in implementing and achieving its NDC, the type of information to be reported will be determined by its own choice of NDC.

16. An area where flexibility in light of capacity is already addressed in the Paris outcome is in the frequency of reporting (paragraph 90 of Decision 1/CP.21 refers). LDCs and small island developing States are granted discretion around the frequency of reporting and other Parties are to submit no less frequently than on a biennial basis. However for the Paris Agreement to succeed, even when such flexibility is exercised, New Zealand expects that all Parties would report on progress towards implementing and achieving their NDC under Article 4 no less frequently than every five years.

Other elements

17. In developing the MPGs, the APA is requested to take into account (inter alia) the need to promote transparency, accuracy, completeness, consistency and comparability (TACCC). These TACCC principles are already embedded in IPCC guidance and existing MRV under the Convention. New Zealand is very pleased to see promotion of the TACCC principles in the transparency framework under the Paris Agreement, as these principles will help ensure the MPGs align with the purpose of the transparency framework i.e. to provide clear understanding/clarity on action and support.

18. New Zealand proposes that, when finalised, because of the tight interlinkages between information that is reported, reviewed and assessed, the MPGs for each component of the transparency of action and support framework (Reporting, Review and Multilateral Consideration) be contained in one single document, with a covering CMA decision to adopt the MPGs.

19. New Zealand's view is that the covering CMA decision would need to encompass timing of reporting, including when the first report is due under the Paris Agreement, updating of the MPGs, and when existing obligations will cease.

20. New Zealand would like to see maximum use of tabular formats for both reporting information and in the structure of review reports. Using such an approach helps ensure consistency and comparability of reporting, and also helps with development and implementation of efficient processes.

21. In our submission of September 2016 we addressed the issue of linkages with other work-streams, and reiterate our views here. In developing the MPGs for the transparency system we need to be conscious of, and deliberate in making, linkages with other work-streams where there is overlap with the need to report information, and/or the use of that information. Of particular relevance are:

- Clarity and tracking of progress towards achieving NDCs (Article 4) (where we will need to determine which information constitutes accounting, and which is reporting).
- Adaptation actions (Article 7) (where we need to clarify which information is conveyed in voluntary Adaptation Communications and which is reported under the transparency framework).
- Clarity on support provided and received (in the context of climate change actions under Articles 4, 7, 9, 10 and 11), and information on progress toward the goal set out in Article 2(1)(c) on making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development.
- SBSTA work on modalities for accounting of financial resources provided and mobilised in accordance with Article 9.7 (where we would expect information reported under the transparency framework to apply those modalities).
- Informing the global stocktake (Article 14) (where finalisation of modalities and inputs may impact what needs to be reported under the transparency framework).
- The compliance mechanism (Article 15) (where the interface between the transparency reporting and review processes and the engagement of the Compliance Committee has yet to be discussed).

22. In addition the transparency work-stream will need to keep abreast of developments in the SBSTA work programme on cooperative approaches under Article 6.2 and the development of a mitigation mechanism under Article 6.4, as the SBSTA work may have some implications for the development of the transparency framework.

23. While we develop the MPGs under Article 13 we can make use of placeholders to allow for material advanced under other work-streams to be integrated as appropriate when it becomes available.

Conclusions

24. New Zealand looks forward to advancing the development of the common MPGs for the transparency of action and support at the scheduled APA workshop in March and at the next meeting of the APA. We are very conscious of the timeline for completion which implies that we need to take a pragmatic approach and design a practical system that has integrity but that does not place an undue burden on Parties and the secretariat.

25. An Annex follows containing suggestions for how the MPGs for the common transparency framework under Article 13 might be structured.

PART ONE: REPORTING

Section One

Potential structure for the part of the reporting guidelines for national inventory reports of anthropogenic emissions by sources and removals by sinks of greenhouse gases (Article 13, paragraph 7(a))

A. OBJECTIVES

- Assist Parties in meeting their commitments under Article 13, paragraph 7(a) of the Paris Agreement.
- Contribute to providing a clear understanding of climate change action in the light of the objective of the Convention as set out in its Article 2, including clarity and tracking of progress towards achieving Parties' individual nationally determined contributions under Article 4 of the Paris Agreement.
- Assist Parties in ensuring and/or improving the quality and transparency of their GHG inventory submissions over time.
- Provide flexibility to developing country Parties that need it in light of their capacities.
- Promote the provision of transparent, accurate, complete, consistent and comparable information.
- Avoid duplication as well as undue burden on Parties and the UNFCCC secretariat.
- Ensure Parties maintain at least the frequency and quality of reporting in accordance with their respective obligations under the Convention.
- Ensure that double counting is avoided.
- Ensure environmental integrity.
- Facilitate the process of considering national inventories, including the preparation of technical analysis and synthesis documentation.
- Facilitate the process of technical expert review and multilateral consideration of the inventory information in accordance with Article 13, paragraphs 11 and 12 of the Paris Agreement.
- Inform the Global Stocktake

B. PRINCIPLES AND DEFINITIONS

- Transparency
- Accuracy
- Completeness
- Consistency
- Comparability
- Definitions of common terms should be as per the IPCC 2006 Guidelines (or any guidelines subsequently adopted by the CMA)

C. BASE YEAR AND YEARS TO BE REPORTED

- The base year should be the same as the base year for the NDC and consistent with that reported in previous inventory submissions

- The latest reported year should be the calendar year two years prior to the submission year.
- If the latest reported year is different to the calendar year two years prior to the submission year, the reasons for this choice must be clearly explained.
- Estimates to be provided for all years of the time-series (ie, for each year from the base year to the latest reported year).

D. GASES

- Mandatory reporting emissions of carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF₆) and nitrogen trifluoride (NF₃) by sources and removals by sinks.
- Voluntary reporting of other gases
- Only direct gases included in total emissions figures, for ease of comparability across countries

E. METHODS

- IPCC 2006 Guidelines for National Greenhouse Gas Inventories as a starting point, and any more recent guidelines as they become available and adopted by the CMA.
- Key sources/categories identification
- Uncertainty analysis
- Recalculations across the time-series
- QA/QC processes.

F. NATIONAL REPORTING ARRANGEMENTS

- National inventory arrangements
- Institutional, legal and procedural arrangements
- Data collection and preparation processes
- QA/QC plan
- QA/QC processes for source data
- Archiving
- Prioritisation plan for improvements for successive submissions

G. REPORTING

- General guidance (for example: an inventory submission consists of an inventory report and a set of common reporting tables; guidance on the submission process; language.)
- national inventory report
- common reporting format

H. IDENTIFICATION OF CAPACITY-BUILDING NEEDS

- Parties could provide updated information on constraints and gaps and related financial, technical and capacity-building needs. In doing so, Parties should also explain how capacity-building provision would improve inventories.
- Parties should also explain what particular aspects of their inventories would be improved, and outline proposals on how they could prioritise some improvements over others.

ANNEX: SUGGESTED STANDARD OUTLINE FOR GHG INVENTORY REPORTS

- This annex could include suggestions for chapter and section titles to assist with comparability between greenhouse gas inventories.

Section two

Potential structure for the part of the reporting guidelines covering information necessary to track progress made in implementing a Party's nationally determined contribution under Article 4 of the Paris Agreement (Article 13, paragraph 7(b))

A. OBJECTIVES

- Assist Parties in meeting their commitments under Article 13, paragraph 7(b) of the Paris Agreement.
- Contribute to providing a clear understanding of climate change action in the light of the objective of the Convention as set out in its Article 2, including clarity and tracking of progress towards achieving Parties' individual nationally determined contributions under Article 4 of the Paris Agreement.
- Provide flexibility to developing country Parties that need it in light of their capacities.
- Promote the provision of transparent, accurate, complete, consistent and comparable information.
- Avoid duplication as well as undue burden on Parties and the UNFCCC secretariat.
- Ensure Parties maintain at least the frequency and quality of reporting in accordance with their respective obligations under the Convention.
- Ensure that double counting is avoided.
- Ensure environmental integrity.
- Facilitate the process of considering information necessary to track progress made in implementing and achieving nationally determined contributions, including the preparation of technical analysis and synthesis documentation.
- Facilitate the process of technical expert review and multilateral consideration of the inventory information in accordance with Article 13 paragraphs 11 and 12 of the Paris Agreement.
- Inform the Global Stocktake

B. NATIONALLY DETERMINED CONTRIBUTION

- Description of the Party's most up-to-date NDC under Article 4, including any information to facilitate clarity and understanding of the Party's NDC.
- Any additional information provided on the Party's page in the NDC public registry could be replicated in this section also.

C. NATIONAL CIRCUMSTANCES

- Provide a description of national circumstances, how the national circumstances affect greenhouse gas (GHG) emissions and removals, and how the national circumstances and changes therein affect GHG emissions and removals over time. Parties should provide information on how their national circumstances are relevant to factors affecting GHG emissions and removals, including disaggregated indicators, to explain the relationship between the national circumstances and emissions or removals. Parties

may provide whatever information best describes their own national circumstances and historical trends.

- The coverage of information that could be provided includes: government structure, population profile, geographical profile, climate profile, sector details: energy, transportation, industry, waste, building stock and urban structure, agriculture, and forestry
- Provide a high-level summary of trends of anthropogenic greenhouse gas emissions by sources and removals by sinks as presented in the latest greenhouse gas inventory submitted.
- Description of legal, administrative and institutional systems arrangements to track progress towards meeting the NDC under Article 4.

D. PROGRESS ON IMPLEMENTING AND ACHIEVING THE NDC UNDER ARTICLE 4

- Description of policies and measures in place to help achieve a Party's NDC under Article 4
- Provision of, where possible, quantitative estimates of the mitigation achieved to date by the policies and measures described above
- Explanation of the methodologies used to estimate the mitigation impacts of different policies and measures
- Description of policies and measures (or targets) relevant to achieving the Party's NDC which do not necessarily have climate change mitigation as their primary focus
- Include guidance consistent with the requirements contained in decision 1/CP.21 paragraph 31 on accounting for Parties' NDCs, including guidance on:
 - coverage of emissions and removals,
 - common metrics,
 - methodological consistency, including on baselines, between the communication and implementation of NDCs
 - inclusion of all categories of emissions and removals in their NDCs
 - explanations of why any categories of emissions or removals have been excluded
- Include guidance on how to track progress/account for different types of NDCs
- Include guidance on how internationally transferred mitigation outcomes under Article 6 are accounted for in tracking progress towards achieving NDCs under Article 4

E. PROJECTIONS

- Projections of greenhouse gas emissions and removals to at least the end-point year of the Party's NDC by sector (in line with GHG inventories) and aggregated.
- Projections to include scenarios with and without policies and measures in place to determine the effect policies and measures are projected to have on a Party's emissions
- Projections to include uncertainty and/or sensitivity analyses
- For NDCs that are not absolute economy-wide, projections of key indicators to determine progress Parties are making towards their NDC. For example, Parties with intensity type targets, projections of GDP and/or population should be provided.

F. IDENTIFICATION OF CAPACITY-BUILDING NEEDS

- Parties could provide updated information on constraints and gaps and related financial, technical and capacity-building needs. In doing so, Parties should also explain how capacity-building provision would improve the quality and transparency of the information to track progress towards implementing and achieving their NDC over time.

Section three

Potential structure for the part of the reporting guidelines covering information related to climate change impacts and adaptation under Article 7 (Article 13, paragraph 8)

A. INFORMATION ON THE EXPECTED IMPACTS OF CLIMATE CHANGE

Such information could cover:

- Climate modelling, projections and scenarios, relevant to the assessment of climate change impacts and vulnerability;
- Climate change impacts

B. INFORMATION ON RISKS AND VULNERABILITY

Such information could cover:

- Assessment of climate risks and vulnerability to current and expected climate change impacts

C. INFORMATION ON ACTION TAKEN TO PLAN FOR AND ADAPT TO CLIMATE CHANGE

Such information could include:

- Domestic adaptation planning processes
- Implemented and planned actions, strategies, approaches
- Building the resilience of socioeconomic and ecological systems
- Progress and outcomes of adaptation action
- Monitoring and evaluation

D. INFORMATION ON COOPERATION ON ENHANCING ADAPTATION

Such information on cooperation and enhancing adaptation could include efforts made regarding:

- the sharing of information, good practices, experiences and lessons learned, including as these efforts relate to science, planning, policies and implementation in relation to adaptation actions.
- Strengthening institutional arrangements to support the synthesis of relevant information and knowledge, and the provision of technical support and guidance to Parties
- Strengthening scientific knowledge on climate, including research, systematic observations of the climate system and early warning systems in a manner that informs climate services and supports decision-making
- Assisting developing countries in identifying effective adaptation practices, adaptation needs, priorities, support provided and received for adaptation actions and efforts, and challenges and gaps, in a manner consistent with good practices
- Improving the effectiveness and durability of adaptation actions.

Section four

Potential structure for the part of the reporting guidelines covering information on financial, technology and capacity building support provided/needed/received (as appropriate) (Article 13, paragraphs 9 and 10)

A. OBJECTIVES

- Assist Parties in meeting their commitments under Article 13, paragraphs 9 and 10 of the Paris Agreement.
- Contribute to providing clarity on support provided and received by Parties.
- Provide flexibility to developing country Parties that need it in light of their capacities.
- Promote the provision of transparent, accurate, complete, consistent and comparable information.
- Avoid duplication as well as undue burden on Parties and the UNFCCC secretariat.
- Ensure Parties maintain at least the frequency and quality of reporting in accordance with their respective obligations under the Convention.
- Facilitate the process of technical expert review and multilateral consideration of the information in accordance with Article 13, paragraphs 11 and 12 of the Paris Agreement.
- Inform the Global Stocktake

B. FINANCIAL SUPPORT

- Information on financial support provided and mobilised by developed country Parties and other Parties that provide support consistent with the outcome of the SBSTA work programme as reflected in paragraph 57 of Decision 1/CP.21
- Information on financial support received by developing countries. Such information could include the use, impact and estimated results of the financial support received.
- Information on financial support needed by developing countries

C. TECHNOLOGY TRANSFER SUPPORT

- Information on technology transfer support provided and mobilised by developed country Parties and other Parties that provide support
- Information on technology transfer support received by developing countries. Such information could include the use, impact and estimated results of the technology transfer support received.
- Information on technology transfer support needed by developing countries

D. CAPACITY BUILDING SUPPORT

- Information on capacity building support provided and mobilised by developed country Parties and other Parties that provide support
- Information on capacity building support received by developing countries. Such information could include the use, impact and estimated results of the capacity building support received.
- Information on capacity building support needed by developing countries

PART TWO: REVIEW

Draft outline for review MPGs

MPGs will be needed for the review of national inventory reports, review of information necessary to track progress made in implementing and achieving NDCs under Article 4, and review of information on financial, technology transfer and capacity building support. Our initial view is that these guidelines could be developed using the following structure:

- Objectives/purpose
- General procedures (including role of expert review teams and role of the secretariat)
- Scope of the technical expert review
- Timing
- Outputs

PART THREE: MULTILATERAL CONSIDERATION

MPGs for facilitative multilateral consideration of progress – placeholder only at this stage

We envisage the multilateral consideration part of the MPGs having a similar structure to the other parts:

- Objectives/purpose
- General procedures
- Scope of the multilateral consideration
- Timing
- Outputs