

Technical paper

How to operationalize paragraph 147 of the Modalities, Procedures, and Guidelines for the Enhanced Transparency Framework

First meeting of the BTR Lead Reviewers

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How to operationalize paragraph 147 of the Modalities, Procedures, and Guidelines for the Enhanced Transparency Framework

A. Context and purpose

The scope of the technical expert review (TER) of biennial transparency reports (BTRs) is clearly outlined in the modalities, procedures and guidelines (MPGs).¹ In particular, paragraph 147 mandates that the technical expert review (TER) process shall pay particular attention to the respective national capabilities and national circumstances of developing country Parties.

Acknowledging the unique national capabilities and circumstances of developing country Parties during the TER of BTRs is fundamental for fostering an effective transparency framework under the Paris Agreement. This ensures the recognition of the diverse challenges and resource constraints these countries face, thereby building trust and encouraging fuller participation in the ETF process. Further, it not only enhances the effectiveness of TERs but also identifies targeted opportunities for capacity-building, facilitating improvements in climate reporting and action implementation over time. Moreover, acknowledging national capabilities and circumstances can inform consultation with developing countries and promotes active discussion and engagement during the review process. This can also bolster global collaborative efforts to address climate change while ensuring that the implementation of the enhanced transparency framework evolves in response to their changing national needs and capabilities.

Leveraging lessons learned and experiences from the Monitoring, Reporting, and Verification (MRV) arrangements for developing countries under the Convention to inform the BTR review process, this paper aims to present how national circumstances have been considered from the experiences with the MRV arrangements and how this can be helpful for the TER teams, when considering national capabilities and circumstances of developing country Parties.

This paper provides information on how this mandate can be operationalized and used as a basis for enhancing the efficiency of the review activities in the BTR review process.

B. Experiences and lessons learned from the Monitoring, Reporting, and Verification arrangements under the Convention, for developing country Parties

The two-step international consultation and analysis (ICA),² consisting of technical analysis of biennial update reports (BURs), followed by a facilitative sharing of views (FSV) provided valuable experiences and lessons learned from 31 rounds of technical analysis for 171 BURs conducted from 2015 to 2023. The ICA recognized that national circumstances outlined in the reporting provisions³ play a significant role in shaping the capacity of developing countries to produce high-quality transparency biennial update reports (BURs). The summary reports of the technical analyses,⁴ provide invaluable opportunity to document the key areas for enhancing transparency and completeness of reporting, and more importantly, the prioritized capacity-building needs of developing country Parties.

¹ Decision 18/CMA.1, annex, paragraphs 146–149.

² Decision 2/CP.17, annex IV.

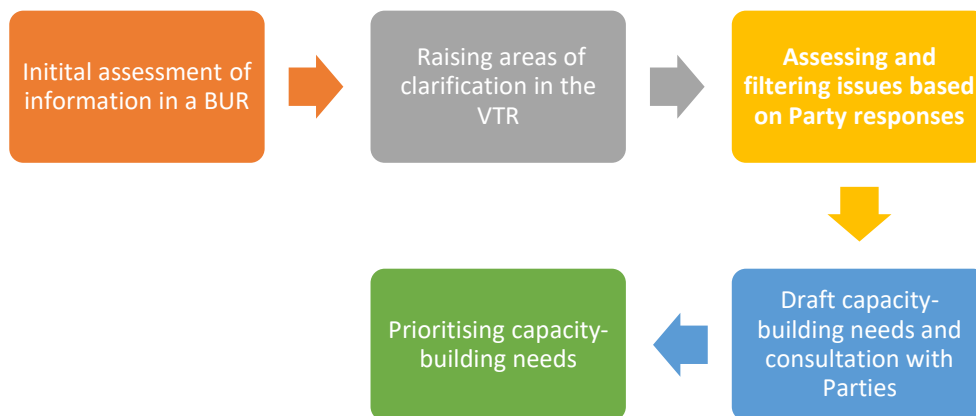
³ Decisions 17/CP.8 and 2/CP.17, annex III.

⁴ Available here: <https://unfccc.int/ICA-reports>.

In the process of technical analysis of BURs, once the BUR submission is received by the secretariat, consideration of national capabilities and circumstances begins at the preparatory stage, such as composing teams of technical experts (TTE), scheduling the technical analysis, shaping the agenda of the technical analysis week, etc.

The composition, modalities and procedures of a TTE under the ICA, clearly outlines the TTE’s mandate.⁵ Figure 1 below outlines the main steps of a technical analysis, which show when national circumstances are considered throughout the process.

Figure 1: TTE’s consideration of national circumstances in the technical analysis of BURs



Each developing country is mandated to report on its national circumstances in its BUR. This information provides the national context for the TTE to understand the information reported in the BUR, including institutional arrangements, challenges, constraints, and gaps that could impact their reporting ability to ensure consistency with the BUR guidelines. Further, the TTE’s interaction with the Party through the areas of clarification raised as questions in the VTR, Party responses and consultation during the technical analysis week, are all opportunities to gain a deeper insight into how national circumstances and capabilities impacts reporting in the BUR.

Identifying and prioritizing areas for enhancing transparency and the extent of information

This deeper understanding of national circumstances of Parties, enables the TTE to document areas for enhancing transparency and completeness of reporting in the summary report of the technical analysis. In addition, and as important step of the technical analysis, during the consultation with the Party, capacity-building needs are identified. To the extent possible they align with the TTE’s observations of completeness and transparency of the reporting.

The figure below outlines examples of how the TTE considers national circumstances and capabilities to identify areas in the summary report for enhancing transparency and completeness of the reporting. The TTE takes a holistic view of the issues and addresses wider systemic issues that can enhance reporting, rather than specific technical detail.

⁵ Decision 20/CP.19, annex, paras 15 a-c.

Table 1: TTE's approach to addressing wider systemic issues

Taking solutions at a higher level to streamline issues: One capacity-building need covering multiple issues identified	
GHG inventories	<p>Party <u>does not have well-established national system</u> in place to facilitate data collection:</p> <ul style="list-style-type: none"> ➔ TTE does not focus on <u>discussing higher-tier methods for its GHG inventory</u> ➔ TTE focuses on <u>helping the Party to identify the key elements to improve its national system</u>, which formed the basis for high-quality reporting with higher-tier methodologies in the future
Mitigation actions and their effects	<p>Party lacks the capacity to <u>monitor the implementation of its mitigation actions and report on the results achieved</u> as either GHG emission reductions or estimated outcomes:</p> <ul style="list-style-type: none"> ➔ TTE does not focus on methodologies or assumptions for estimating the effects of mitigation actions ➔ TTE focuses on the reasons why the results achieved were not reported and enhancing <u>domestic MRV arrangements to coordinate the national activities to gather the information</u>
Finance, technology and capacity-building needs and support received	<p>Party lacks the capacity to <u>report on the support received</u>, since such support is not coordinated at the national level, but rather through individual agencies and ministries (even when the capacity exists, it is not clear from the BUR how much money was received for technology and capacity-building):</p> <ul style="list-style-type: none"> ➔ TTE does not focus on methodologies or assumptions for data collection on support received ➔ TTE focuses on establishing interministerial communication, dialogue and sharing relevant information to ensure <u>a systematic approach to reporting and compiling the information</u> to be reported in subsequent reports

Enhancing reporting and participation in the international consultation and analysis process

Prioritizing the capacity-building needs

One key task for the TTE is to help Parties identify and further prioritize capacity building needs, taking into account the national capabilities and circumstances of the Party. The capacity-building needs identified in consultation with the Party by the TTE are aligned with the areas noted for enhancing transparency and completeness of reporting in the BUR, and their participation in the ICA. Those capacity-building needs reported by the Party in the BUR are also captured in the report, as showed in the example below.

Table 2: Example of documentation of capacity-building needs identified by the TTE and the Party in the technical analysis summary report

<p>D. Identification of capacity-building needs</p> <p>84. In consultation with the Party, the TTE identified the following needs for capacity-building that could facilitate the preparation of subsequent BURs and participation in ICA:</p> <ul style="list-style-type: none"> (a) Developing institutional arrangements and collecting data to assist in defining quantitative goals for mitigation actions; (b) Enhancing institutional arrangements to enable better data-gathering activities, with a focus on bottom-up and disaggregated transport sector data, and enhancing monitoring of implementation of mitigation actions in the energy sector; 	<p>CBN identified by the TTE</p>
<p>85. The TTE noted that, in addition to those identified during the technical analysis, the Party reported in its BUR (chap. 4) several capacity-building needs, covering the following areas:</p> <ul style="list-style-type: none"> (a) GHG inventory and report preparation; (b) Mitigation actions; (c) Adaptation to climate change; (d) Climate finance; 	<p>CBN identified by the Party in the BUR</p>

Consultation with Parties includes an opportunity for Parties to prioritize their capacity-building needs to facilitate enhanced reporting and participation in the ICA process. As reflected in the examples below, while some Parties prioritize specific capacity-building needs, others have indicated all prioritized needs.

Table 3: Approaches used by Parties to prioritize capacity-building needs during a technical analysis

<p>Where <u>all</u> capacity-building needs were prioritized by the Party</p>
<p>Example 1: The TTE, in consultation with the Party, identified the 22 capacity-building needs listed in chapter II.D above and needs for capacity-building that aim to facilitate reporting in accordance with the UNFCCC reporting guidelines on BURs and participation in ICA in accordance with the ICA modalities and guidelines, taking into account Article 4, paragraph 3, of the Convention. The Party prioritized all the capacity-building needs.</p>
<p>Example 2: The TTE, in consultation with the Party, identified the 25 capacity-building needs listed in chapter II.D above and needs for capacity-building that aim to facilitate reporting in accordance with the UNFCCC reporting guidelines on BURs and participation in ICA in accordance with the ICA modalities and guidelines, taking into account Article 4, paragraph 3, of the Convention. The Party prioritized all the capacity-building needs, but organized them into high-priority needs (para. 90(a–h), (n), (q–t) and (w) above), medium-priority needs (para. 90(i–k), (o), (u) and (x–y) above) and low-priority needs (para. 90(l–m), (p) and (v) above).</p>

Where specific capacity-building needs were prioritized by the Party

Example: The TTE, in consultation with the Party, identified the 11 capacity-building needs listed in chapter II.D above and needs for capacity-building that aim to facilitate reporting in accordance with the UNFCCC reporting guidelines on BURs and participation in ICA in accordance with the ICA modalities and guidelines, taking into account Article 4, paragraph 3, of the Convention. The Party, in consultation with the TTE, also identified the two needs for capacity-building to facilitate transition to the enhanced transparency framework under the Paris Agreement listed in paragraph 84 above. **The Party identified the following as priority capacity-building needs:**

- (a) Enhancing capacity for carrying out the uncertainty analysis, including methodologies to enable the application of expert judgment;
- (b) Estimating country-specific EFs;
- (c) Estimating CO₂ emissions from fuel combustion using the reference approach;
- (d) Collecting data, conducting QA/QC procedures and reporting on AD, especially for the IPPU and agriculture sectors, in particular for area of cropland burned;
- (e) Reporting comparable information addressing the tables included in annex 3A.2 to the IPCC good practice guidance for LULUCF;
- (f) Documenting the steps taken to collect and report information on support needed, including a technology needs assessment at the sectoral level for mitigation and adaptation.

The experiences from the technical analysis process underscore the significance of national capabilities and circumstances to enable experts, in consultation with Parties, to propose more targeted areas to enhance reporting and related capacity-building needs. It ensures that national context is a priority for identifying tailored and appropriate areas where the Party can enhance the completeness and transparency of reporting and participate in the ICA process. Subsequent BURs also reflected improvements based on the findings of the TTE from previous reports, which suggest that the approach was useful and considered by Parties.

Going forward with the BTR reviews, these experiences can provide a starting point for understanding the importance of paying attention to national capabilities and circumstances. The ultimate aim is to help Parties improve their reporting overtime and therefore, as is evident from the technical analysis process, tailoring issues and capacity-building needs that consider national capabilities and circumstances of the Party concerned, proves effective in enhancing reporting and consistency with the MPGs in subsequent BTRs and participation in the ETF.

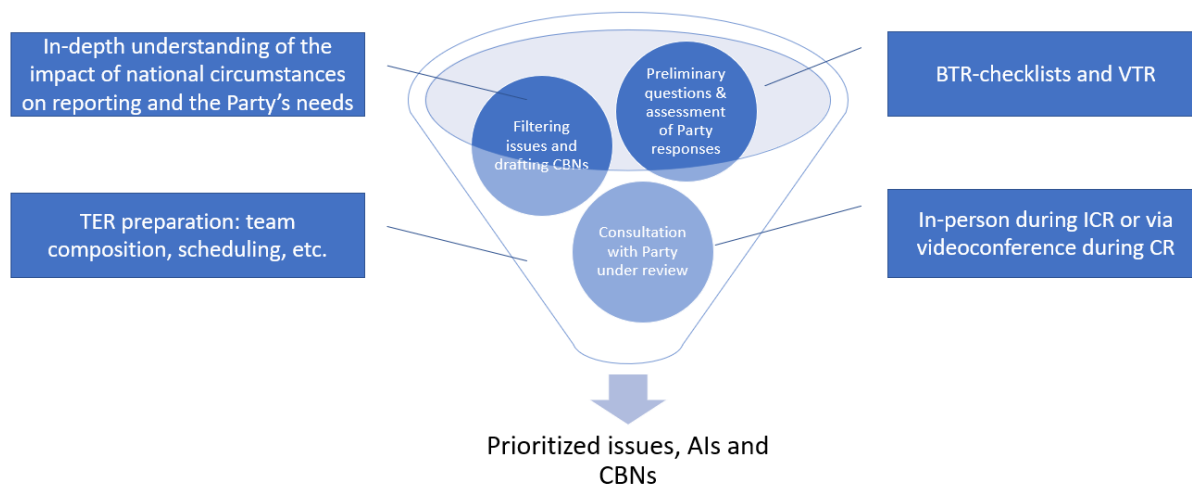
C. Guidance on how the Technical Expert Review Team can pay attention to national circumstances and capabilities during a technical expert review

The MPGs underscore the importance and mandates of reporting on national circumstances in all thematic sections of a BTR.

The experiences and lessons learned from the BUR technical analysis for developing countries under the Convention, provides a good basis for developing the review approach which ensures that particular attention to national capacities and circumstances be given to the Party during the TER. The following sections of the paper propose review approaches on how the TERT can fulfil the mandate in paragraph 147 of the MPGs (see figure 2 below). This

proposal can also inform the process of prioritizing issues during the TER and identification of areas of improvement and capacity-building needs for those developing country Parties that need flexibility in the light of their capacities.

Figure 2: Paying attention to national circumstances and capabilities during the TER



Overall, the TERT should be cognizant of Article 13, paragraph 3, of the Paris Agreement, indicating that the TER will be implemented in a facilitative, non-intrusive, non-punitive manner, respectful of national sovereignty, and will avoid placing undue burden on Parties under review. This applies to the following preparatory tasks of the TERT, including the draft areas of improvement and capacity-building needs.

I. Preliminary questions/requests and assessment of Party responses

The initial preparation for the TER will be **critical** to gain a good understanding of the national circumstances and national capabilities of developing country Parties and how these impact the reporting in the BTR. Therefore, it would be important for the respective members of the TERT to facilitate interaction with the Party through the following steps bearing in mind the specific national circumstances and institutional arrangements of the Party:

- a. Review the information on national circumstances reported in each thematic chapter of the BTR.
- b. When reviewing the thematic chapters for consistency with the MPGs, consider how the information on national circumstances may have impacted the Party's ability to report particular information or data in the BTR.
- c. Document this assessment in the checklists.
- d. When the ERT needs further clarification or additional information from the Party, questions and requests should be raised through the relevant communication tool with the Party.
- e. Assess the Party responses to the questions or the additional information provided; this should enable the TERT to have a deeper understanding of how the reported national circumstances and capabilities impacted the Party's reporting in the BTR.

II. Filtering issues and drafting areas of improvement and capacity-building needs

The TERT's assessment of the responses to preliminary questions/requests in the context of the reported national circumstances will also enable the TERT to have a better sense of national circumstances and capabilities and gaps in reporting and whether the response warrants advancing the issue in question/request as a priority issue for discussion during the TER week and its inclusion in the TERR or communicate the issue to the Party under review through relevant communication tool (e.g. VTR), as it may be a less substantive and minor issue, as follows:

- a. **Consider less substantive issues** to be addressed in the communication tool with Parties. These issues will not advance as priority issues to be addressed during the TER week can include:
 - i. *Non-mandatory requirements ("may" requirements in the MPGs);*
 - ii. *Inconsistencies in the reported information in the BTR not affecting the accuracy;*
 - iii. *Quality control issues such as typing errors, lack of clarity, and other related issues.*
- b. **Consider more substantive issues to advance in-depth during the TER week:** The TERT can consider advancing the review on all areas related to:
 - i. Consistency with the "shall" and "should" reporting requirements to the TER week.
 - ii. Observations regarding gaps in reporting and consistency with the MPGs are due to national circumstances
 - iii. i and ii can inform the further actions of the TERT, particularly on drafting areas of improvement (recommendations and encouragements) and formulating capacity-building needs.

It will be critical to understand how challenges and constraints due to the Party's national circumstances and national capacities impacted the consistency of information reported in the BTR with the requirements of the MPGs. This approach would enable the TERT to focus its findings that warrant more in-depth discussion with the Party under review. The TERT may consider avoiding raising issues if the Party, for example, provide an explanation in the BTR as to why its reporting is not consistent with the specific reporting provision; report a capacity-building need that will enhance its ability to address the issue in its next BTR; or need to apply advanced methodologies requiring country-specific input parameters to estimate and report certain information.

- c. **Assessing Party responses:** once the Party responds to the questions or provides additional information ahead of the TER week, the TERT may be guided by the following:
 - i. Assess Party responses and additional information, to gain clarity on the reason for the findings or inconsistency in reporting with the MPGs
 - ii. Identify when the Party's response suggests that the TERT's findings on inconsistent reporting with the MPGs, can be due to some aspect of national capabilities and circumstances
 - iii. Draft areas for improvement and identify capacity-building needs and share with the Party ahead during the TER week.
 - iv. When the TERT identifies capacity constraints that may not directly related to application of flexibility, the responses from the Party to the TERT's preliminary questions should further elucidate their specific conditions and capabilities.
 - v. The TERT may also consider previously identified capacity-building needs (both by the TERT and the Party), as documented in the technical analysis

summary reports. This could inform the process of drafting and prioritising areas of improvement and capacity-building needs, as appropriate.

Provision of draft areas of improvement and capacity-building needs in advance of the scheduled consultation between TERT and the Party will provide the Party sufficient time to consult among the national experts in preparation for the TER week, where the experts can make a more informed decision on prioritizing.

Under the TER of BTRs, areas of improvement identified by the Party and the TERT are in relation to the Party's implementation of Article 13 of the Paris Agreement (MPGs para 146(d)). The areas of improvement should allow for:

- a. Addressing issues regarding constraints faced by Parties in implementing Article 13 of the Paris Agreement;
- b. Transparency-related capacity-building of developing country Parties on a continuous basis (i.e. transparency-related activities, including transparency-related capacity-building);
- c. Meeting provisions of MPGs;
- d. Accessing continuous support by developing country Parties to build their transparency-related capacities.

III. Consultation with the Party

Going into the TER week, the TER team should have an in-depth understanding of how the Party's reporting was impacted by the national circumstances and capacities. The TER week therefore provides an opportunity for the TER team to consult with the Party, to verify their understanding of national capabilities and national circumstances and inform any changes to the areas of improvement and capacity-building needs and prioritising issues in the TER report, as per the following steps:

- a. When the Party responds to the questions and provided additional information before the TER week, the TERT should recall this information and engage in discussion at the start of the TER week.
- b. This information is the basis for prioritizing the substantive findings identified during preparatory phase before the TER week and where needed, to propose areas of improvement and capacity-building needs. This should address challenges and constraints that emerge from its national circumstances, capabilities and institutional arrangements.
- c. The TERT should circulate the draft areas of improvement and capacity-building needs at the start of the TER week
- d. Engage in consultation with the Party mid-week, which aims to discuss the areas of improvement and capacity-building needs for those developing countries that need flexibility in light of their capacities and complex and significant issues.
- e. The TERT may also wish to raise questions that can further inform the proposed capacity-building needs.
- f. Engage in additional consultation with the Party at the end of the TER week, to confirm the agreed findings that will be documented in the TER report.

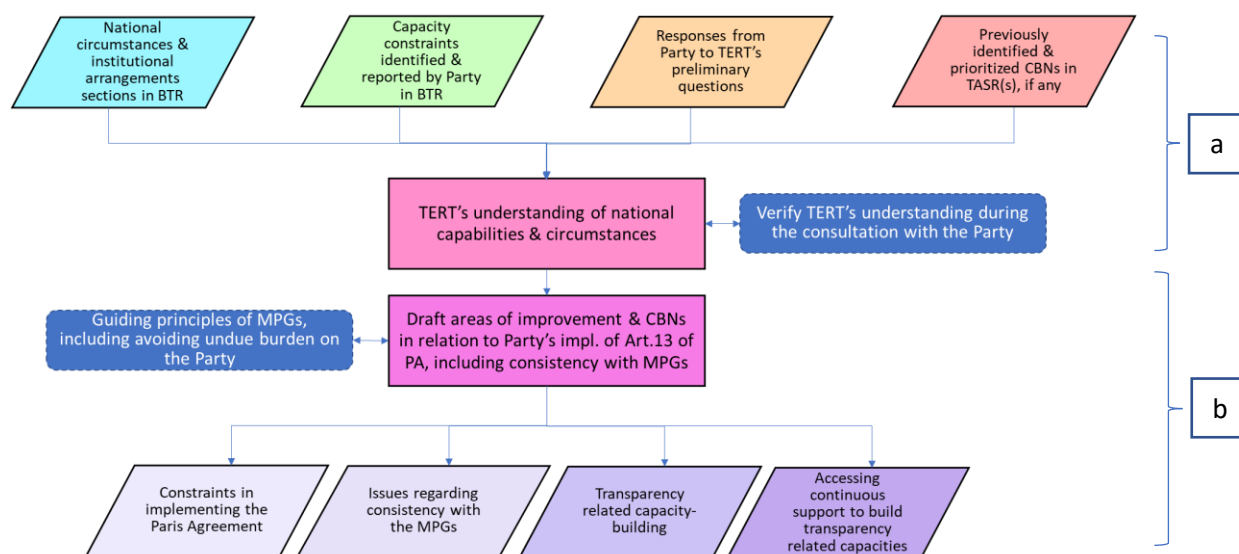
The consultation should be a positive experience for both the Party and the TERT and will enable the revision of more targeted and realistic areas of improvement and capacity-building needs for those developing countries that need flexibility in the light of their capacities, which pay attention to national circumstances and capabilities.

IV. Prioritizing issues for identification of areas of improvement and capacity-building needs

The approach to review outlined in sections 1 to 3 above are the basis for the TERT to identify complex issues and prioritize areas of improvement and capacity-building needs for developing country Parties that need flexibility in light of their capacities. As the TERT finalises the draft report at the end of the TER week, figure 5 considers the elements of the review approach (a–b below), to inform the prioritization of findings.

- a. Drawing on the multiple sources of information on national circumstances and institutional arrangements and capacity constraints reported in the BTR, Party’s responses and other existing documentation, the TERT draws upon the in-depth knowledge and understanding that informs the consultation with the Party;
- b. Taking into consideration the guiding principles of the MPGs (paragraph 3) and the outcome of (a) and the consultation with the Party, TERT should finalize its findings and draft the areas for improvement and capacity-building needs regarding consistency with the MPGs, constraints in implementing the Paris Agreement, transparency related capacity-building and accessing continuous support to build transparency related capacities.

Figure 5: National circumstances and capabilities as a basis for prioritizing issues for consideration of areas of improvement:



For developing country Parties, due to their capacity constraints arising from national capabilities and circumstances, TERT’s findings could be comprehensive. Subsequently, due to the national capabilities and circumstances, developing country Parties could encounter challenges to address a comprehensive list of these issues in its next BTR. Therefore, TERT’s consideration of approaches to prioritization and possible aggregation of issues could help bringing more pertinent issues to the fore, as reflected in figure 5 above, so that the Party may in the next BTR address them, or formulate a clear pathway to address them over time.

With the understanding of the constraints and challenges posed by national circumstances and national capabilities that impacted the consistency of reporting with the MPGs, the TERT will draft areas of improvement and/or capacity-building needs and communicate to the Party at the end of the

TER week, and this will constitute core part of the TERR. The draft areas of improvement and/or capacity-building needs should align with the priority areas identified in consultation with the Party, during the TER week.

D. How the secretariat can pay attention to national circumstances and capabilities during a technical expert review

Due to its importance and implications, the secretariat will also consider national capabilities and circumstances of developing country Parties, in fulfilling its mandates throughout the TER process:

- a. When **composing the expert review team**, the secretariat ensures that the experts included in the team are carefully identified, to also include those that are familiar with the national capabilities and circumstances of the Party under review, particularly the choice of Co-Leads from developing countries. It also includes experts familiar with the language in which the Party reported its BUR
- b. **Scheduling reviews, also includes a preparatory call** with Parties to ensure that the developing countries provide clarity on the TER process, tools, procedures and expectations.
- c. Supporting the TERT in preparing the agenda, the secretariat considers the challenges and limitations of the Party and guides the TERT to **avoid simultaneous technical discussions** with the Parties, considering the smaller teams and limited national capabilities.

This approach aims to ensure that the TER process is considerate of the specific needs and circumstances of each developing country Party under review, without placing undue burden on them.
