

Background and discussion questions for Transparency - Multilateral consultation with Heads of Delegation

The UK (incoming COP26 Presidency) and Chile (COP25 Presidency) are pleased to invite you to the next of our [series of informal consultations](#), which will focus on the Paris Rulebook. Discussion will focus on matters relating to the Enhanced Transparency Framework (ETF). There will also be brief updates on Article 6 and on NDC Common time frames.

This consultation will be an opportunity for Parties to discuss some of the key issues relating to the ETF and put forward constructive solutions in the interest of reaching an agreement at COP26. Recognising there are a range of views on all elements of the ETF, we urge Parties to come together and engage in meaningful discussion which will move the discussion forward on this critical element of the Paris Rulebook.

With less than 60 days to COP26, time is of the essence. This is of particular relevance to the ETF, with reporting milestones fast approaching. The first transparency reports are due in 2024 at the latest, and Parties need sufficient time to put the systems in place and build the capacity that will enable them to meet their commitments in line with the agreed framework.

Background to the Enhanced Transparency Framework (ETF) discussions

The purpose of the ETF is to provide a clear understanding of climate change action and support, including clarity and tracking of progress towards achieving Parties NDCs, which is vital to delivering on the ambition of the Paris Agreement.

Parties agreed the modalities, procedures and guidelines (MPGs) at COP24 and are now tasked with using these guidelines to develop the products that will finalise the ETF. In doing so, Parties must respect the guiding principles of the MPGs, which include¹: the importance of facilitating improved reporting and transparency over time; promoting transparency, accuracy, completeness, consistency and comparability; and providing flexibility to those developing country Parties that need it in light of their capacities.

Parties have met virtually on several occasions in the past 18 months to discuss this and progress has been made in a number of areas. However, some issues have proved more difficult to progress and warrant further discussion.

One of these key issues is **translating the MPGs agreed at COP24 into the products required to track NDC progress**. Tracking progress of NDCs is critical to the ambition cycle of the Paris Agreement; it helps Parties increase their ambition, builds confidence in the system and contributes to the effectiveness of the Global Stocktake. Broadly speaking, two options have been considered for how best to do this in the structured summary; the first is to agree on one format that accommodates tracking progress of all NDC types; the second is to agree on varied formats which Parties can choose from to best suit their NDC.

¹ All guiding principles can be found in decision 18/CMA.1, Annex, para 3.

Another key area of work is how to **implement flexibility within the ETF in a way that ensures the ETF can be operationalised by all Parties, respecting their different capacities**. Decision 18/CMA.1, Annex, para 4 states that *'In accordance with Article 13, paragraph 2, of the Paris Agreement, the enhanced transparency framework shall provide flexibility in the implementation of the provisions of Article 13 to those developing country Parties that need it in the light of their capacities, and these MPGs shall reflect such flexibility.'* Different interpretations of this provision have been considered in discussions to date; one interpretation is that flexibility is limited to the provisions where it is explicitly referenced within the MPGs; another interpretation, based on Decision 1/CP.21, para 91, that allows developing country Parties to apply flexibility beyond relevant provisions, including in the scope, frequency and level of detail of reporting, and in the scope of review.

There are other issues relating to the ETF that need addressing and that will be open for discussion at the upcoming consultation. However to help guide the discussion, please refer to the questions below.

Discussion Questions

1. The structured summary is a key vehicle to report information to track progress made in implementing and achieving NDCs. What are the key outstanding issues to be resolved in the development of this element of the ETF, and how might we reconcile different views on the format of the structured summary?
2. Recognizing the different starting point in reporting by Parties, how should flexibility be best reflected in reporting formats, to ensure that the ETF can be implemented by all Parties and facilitate reporting over time?