

Designing MRV Framework for Developing Countries in the Future Climate Regime

Framing Presentation

Session 4: MRV

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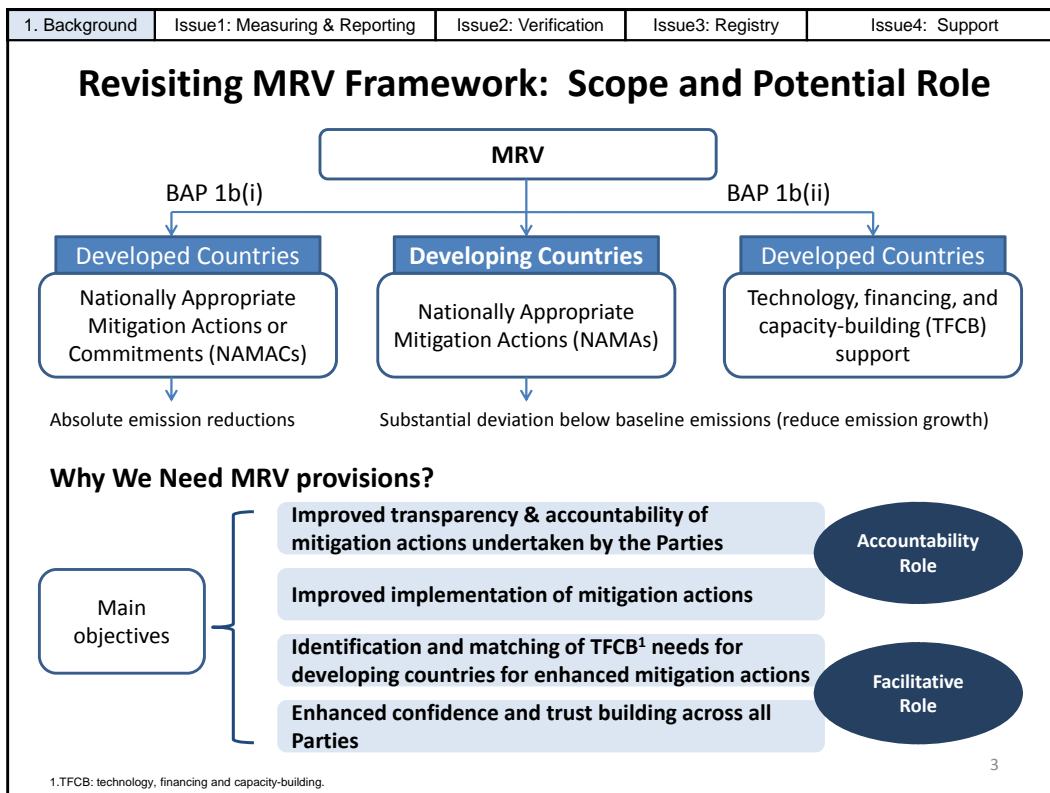
Institute for Global Environmental Strategies (IGES)

1

Outline

- Background
- Issue 1: Enhanced Measuring and Reporting Framework for Developing Countries
- Issue 2: Establishing Verification Framework
- Issue 3: Registry in MRV framework
- Issue 4: MRVing Support
- Appendices

2



1. Background	Issue1: Measuring & Reporting	Issue2: Verification	Issue3: Registry	Issue4: Support
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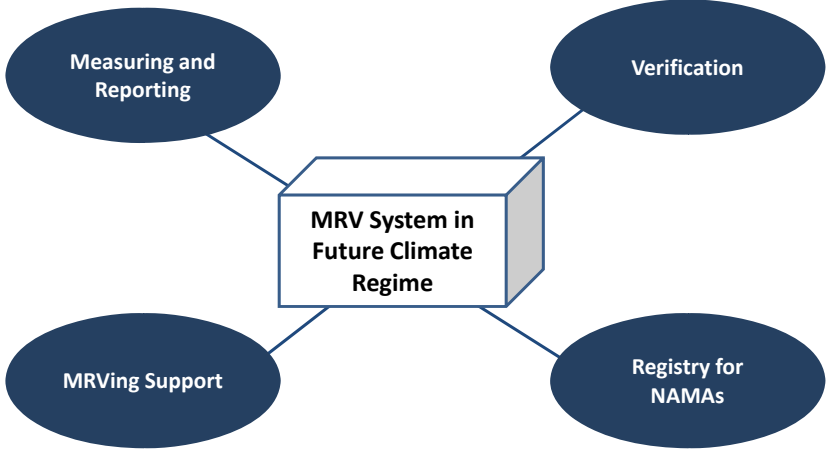
Gaps between Existing MRV Framework and Future Needs

Existing MRV framework for <u>Annex I Parties</u> in Current Climate Regime	Existing MRV framework for <u>non-Annex I Parties</u> in Current Climate Regime	
<p>[Measurement]</p> <ul style="list-style-type: none"> ➤ GHG Inventories <p>[Reporting]</p> <ul style="list-style-type: none"> ➤ Format <ol style="list-style-type: none"> 1) National Inventory Report(NIR) 2) Common Reporting Format(CRF) ➤ Frequency: annually ➤ Scope: 6 GHG gases (CO₂, CH₄, N₂O, HFCs, PFCs, SF₆) <p>[Verification]</p> <ul style="list-style-type: none"> ➤ Expert Review Teams (ERT) <ol style="list-style-type: none"> 1) Initial check 2) synthesis and assessment 3) individual inventory review (combination of desktop review, centralized review, in-country reviews) Verification procedure for CDM 	<p>[Measurement]</p> <ul style="list-style-type: none"> ➤ GHG Inventories (as part of NATCOM) <p>[Reporting]</p> <ul style="list-style-type: none"> ➤ Format <ol style="list-style-type: none"> 1) National Communications (NATCOM): no specific reporting format prescribed ➤ Frequency: at their discretion <ol style="list-style-type: none"> 1st NATCOM using 1990/1994 data 2nd NATCOM using 2000 data ➤ Scope: 3 GHG gases (CO₂, CH₄, N₂O) <p>[Verification]</p> <ul style="list-style-type: none"> ➤ Verification procedure for CDM 	<ul style="list-style-type: none"> No standardized indicators / methodologies for measuring mitigation actions provided by NATCOM No standardized reporting format for reporting mitigation actions Not subject to regular expert review or verification for developing countries <p style="text-align: center;">Limitations of the MRV structures under the current climate regime.</p>
<p>Differences attributed to CDDR principles and Respective Capacities</p>		

4

1. Background	Issue1: Measuring & Reporting	Issue2: Verification	Issue3: Registry	Issue4: Support
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- How could existing MRV structure be retrofitted?
- What types of additional instruments are required to build robust MRV system to enhance accountability of the Parties and to ensure mitigation actions in the future climate regime?



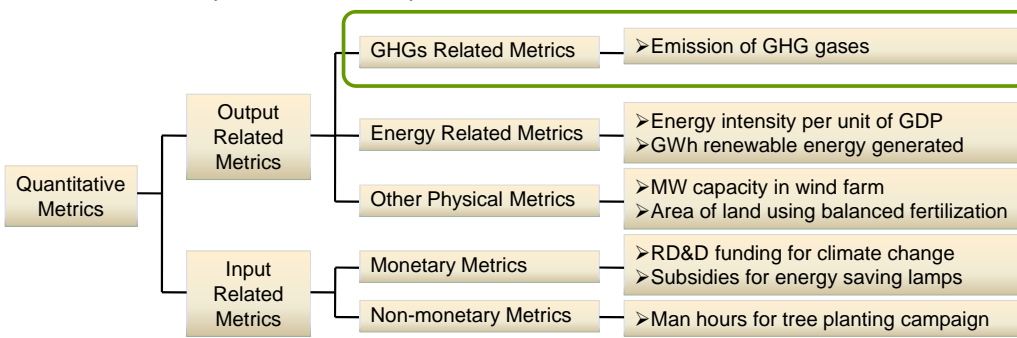
MRV System in Future Climate Regime

5

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Issue1: Enhanced Measuring and Reporting Framework for Developing Countries

- What metrics should be used to measure diverse mitigation actions taken by developing countries is one of the key challenges.
- Wide range of metrics are considered (i.e. GHG focused, development focused, input focused, output focused).



(Fei Teng et al, 2009)¹

1. Fei Teng, Yu Wang, Alun Gu and Ruina Xu, H. McMahon, and D.Seligsohn. 2009. "Mitigation Actions in China: Measurement, Reporting and Verification". WRI.

6

1. Background	Issue1: Measuring & Reporting	Issue2: Verification	Issue3: Registry	Issue4: Support
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Issue1: Enhanced Measuring and Reporting Framework for Developing Countries

- GHG Inventories with the Revised 2006 IPCC Guidelines serve as the measuring and reporting tool for the current regime.
- Substantial deviation on submission frequency and information to be included in GHG Inventories / NATCOM between developed and developing countries

How could existing GHG Inventories and NATCOM be strengthened to fill in the gap?

7

1. Background	Issue1: Measuring & Reporting	Issue2: Verification	Issue3: Registry	Issue4: Support
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Stakeholder Perspectives

- Diverse views observed for reporting frequency and measuring component

	Modest		Stringent	
Reporting Frequency	All Parties to prepare and submit inventories <u>on regular and consistent basis</u> with strengthened 2006 IPCC guidelines	Frequency of NATCOM (GHG Inventories) to be established <u>based on the Parties' relative levels of GHG emissions.</u>	Developing countries to submit inventories for <u>every 2 years</u>	<u>Annual inventories</u> to be provided by all Parties no later than 2011
Reporting Contents	Developing Countries Anthropogenic emissions by sources and removals for <u>3 gases (CO₂, CH₄, N₂O)</u>		Developed Countries Anthropogenic emissions by sources and removals for <u>all gases</u>	

8

1. Background	Issue1: Measuring & Reporting	Issue2: Verification	Issue3: Registry	Issue4: Support
<h2>Way Forward</h2> <ul style="list-style-type: none"> To meet MRV needs for future climate regime, GHG Inventories and NATCOM could be improved by reframing reporting frequency and contents in more <u>systematic manner</u>. Improvement should reflect the principle of <u>CBDR-RC</u>. The new measurement and reporting framework to be less frequent and stringent than developed countries. Major barriers facing developing countries for producing more frequent GHG inventories and expansion of NATCOM include <u>financial and capacity constraints</u>. To further strengthen their reporting frequency and contents, <u>substantial amount of additional resources</u> must be made available for developing countries 				
9				

1. Background	Issue1: Measuring & Reporting	Issue2: Verification	Issue3: Registry	Issue4: Support
<h2>Issue2: Establishing Verification Framework</h2> <ul style="list-style-type: none"> Lack of verification procedures for actions taken by developing countries under the current climate regime both at national and international level (Fei Teng et al, 2009)¹ How and by whom should verification be conducted in future climate regime? ➡ Politically contentious issue 				
	Approach 1: Domestic Verification (w/ internationally agreed guidelines)	Approach 2: International Verification		
Advantage	➤ Applicable to unilateral actions financed domestically (enhanced country ownership)	➤ Can build on experiences and framework of current regime (i.e. ERT in Inventory review procedure and verification procedure for CDM)		
Issues	➤ Domestic institutional capacity of developing countries vary ➤ What are the criteria for domestic verification?	➤ May be limited to NAMAs supported internationally ➤ Incurs judgmental assessment?		
<small>1. Fei Teng, Yu Wang, Alun Gu and Ruina Xu, H. McMahon, and D.Seligsohn. 2009. "Mitigation Actions in China: Measurement, Reporting and Verification". WRI.</small>				
10				

1. Background	Issue1: Measuring & Reporting	Issue2: Verification	Issue3: Registry	Issue4: Support
---------------	-------------------------------	----------------------	------------------	-----------------

Stakeholder Perspectives

Domestic Verification

Developing Countries
MRV on NAMAs undertaken by national entities under the guidance of UNFCCC.

Developing Countries
The Convention does not permit a review of mitigation measures adopted by developing countries.

International Verification

Developed Countries
•Supports differentiated verifications.
•Actions taken unilaterally are not required to be subject to strict MRVs.
•Internationally supported NAMAs are subject to MRVs which could be mandatory and based on certain criteria and evaluation.

Developed Countries
Verification should be occurred under international level under the UNFCCC

Third party review are essential. Should build on current in-depth review for Annex I national communications

Verification of data and information should be assessed by experts

11

1. Background	Issue1: Measuring & Reporting	Issue2: Verification	Issue3: Registry	Issue4: Support
---------------	-------------------------------	----------------------	------------------	-----------------

Way Forward

Option 1: Dual Track Approach

- Unilateral NAMAs undergo domestic verification
- Internationally supported NAMAs undergo international verification

(Winkler 2008)¹

Option 2: Peer-Review System

- Introducing peer-review system among neighboring developing countries
- Step-wise approach: verification starts with domestic institutions, followed by verification by other countries.
- Higher political acceptability, and achieve differentiation from ERT procedure.

12

¹. Winkler, Harald. "Measurable, reportable and verifiable: the keys to mitigation in the Copenhagen deal". Climate Policy 8(2008) pp.534-537.

1. Background	Issue1: Measuring & Reporting	Issue2: Verification	Issue3: Registry	Issue4: Support
---------------	-------------------------------	----------------------	------------------	-----------------

Issue3: Registry in MRV Framework

- How to match NAMAs of developing countries and support is another issue for MRV framework.
- International Registry for NAMAs proposed by the Republic of Korea and South Africa.
 - 1) Developing countries to register NAMAs in voluntary basis, and non-binding manner.
 - 2) Expected outcomes of enhanced information sharing

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graph LR
    DC[Developing Countries] --> R[Registry]
    DD[Developed Countries] --> R
  
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How could this matching system be best designed, and what roles should it play in the future climate regime?

13

1. Background	Issue1: Measuring & Reporting	Issue2: Verification	Issue3: Registry	Issue4: Support
---------------	-------------------------------	----------------------	------------------	-----------------

Issue3: Registry in MRV Framework

- Different architectures¹ for the Registry have been envisaged.

	1) Centralized Process	2) De-centralized Process
Role	<ul style="list-style-type: none"> ➤ Strengthened authority of the UNFCCC ➤ Registry to play <u>a key role</u> in monitoring and verification process, and matching support with NAMAs. ➤ All financial support to be governed by the COP = easily be MRVed 	<ul style="list-style-type: none"> ➤ Leverage existing bilateral and multilateral institutions ➤ Registry to <u>simply facilitate</u> communication between developing countries and donors by disseminating information. ➤ Multiple channels and institutions report actions and support = difficult to MRV
Issues	<ul style="list-style-type: none"> ➤ Not necessarily address MRV support for technology transfer, and capacity building 	<ul style="list-style-type: none"> ➤ MRV requires defined criteria on which support is subject to MRV ➤ Uniform standards for reporting support ➤ Potential risk of “cherry picking” = developed country pick and choose which NAMAs to support

14

1. McMahon, Hilary and Remi Moncel. June 2009. “Keeping Track: National Positions and Design Elements of an MRV Framework”. WRI Working Paper. World Resource Institute, Washington D.C.

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---------------	-------------------------------	----------------------	------------------	-----------------

Stakeholder Perspectives

- Conflicting views observed with regard to the function of the Registry
- Majority of developing countries support centralized approach, where as number of developed countries support decentralized approach.

Centralized Approach

Developing Countries
Emphasizes the role of the UNFCCC in monitoring and verifying actions, collecting and channeling support to match with NAMAs.

Developing Countries
Support should reflect developing country priorities.

Decentralized Approach

Developed Countries
Donor countries direct resources to the highest priority actions.
Developed countries support specific actions.

Developed Countries
Role of the Registry should not replace national sector wide GHG inventories. It should be additional and aim for establishing good database for developing countries.

15

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---------------	-------------------------------	----------------------	------------------	-----------------

Way Forward

- In terms of the role of the Registry, recalling that MRV aims for building trust among the Parties. The Registry should facilitate such objective by functioning as robust, comprehensive information sharing system

Enhanced information sharing among developing countries: 1) sharing best practices and lessons learned, 2) opportunities for south-south cooperation

Enhanced information sharing between developing countries and developed countries
1) To internationally recognize mitigation actions taken at domestic levels by developing countries
2) To link NAMAs with support (finance, technology transfer, capacity building)

Enhanced information sharing among developed countries: 1) avoid overlap of support, 2) more opportunities for aid harmonization

Developing Countries

→

Registry

←

Developed Countries

- In terms of architecture, Hybrid model for the Registry¹ suggested to reconcile the conflicting views;
 - 1) Establishment of operating body under the UNFCCC COP
 - 2) National action plans including NAMAs should include MRV-able reduction targets
 - 3) Inclusion of COP-mandated funds and non-COP mandated funds under the Registry (private investment, carbon markets, public funding, bilateral and multilateral financing)

16

1. Technical Working Group on the Institutional Architecture for Climate Finance. 2009. "The Institutional Architecture for Financing a Global Climate Deal: An Options Paper".

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---------------	-------------------------------	----------------------	------------------	-----------------

Issue 4 : MRVing Support

- BAP 1(b)ii: mitigation actions should be “supported and enabled by ***technology, financing and capacity-building***, in a measurable, reportable and verifiable manner”
- No clarity nor consensus on MRV support has been observed at moment

Financing

- What types of financing should be subject to MRV?
- Should support channeled outside of the UNFCCC be MRVed? Or should the use of the matching system be voluntary?
- Should reporting guidelines to ensure “additional” financing be set by the UNFCCC?

*For technology transfer and capacity building component of support, refer to Appendix of this PPT.

17

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---------------	-------------------------------	----------------------	------------------	-----------------

Stakeholder Perspectives

- Should support channeled outside of the UNFCCC be MRVed?

Financing

Exclude non-UNFCCC financing

Include non-UNFCCC financing

Developing Countries
Non-UNFCCC financing should not be regarded as additional source of climate finance.

Developed Countries
Non-UNFCCC financing should be included and regarded as an appropriate source of climate finance.

Developing Countries
Non-UNFCCC financing could be acceptable if provided as a grant.

18

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---------------	-------------------------------	----------------------	------------------	-----------------

Way Forward

- Provision of adequate amount of support is crucial for full and effective implementation of mitigation actions by developing countries
- Ultimately, MRVing financial support should lead to
 - 1) better awareness of financial tools and sources of funds by developing countries, and
 - 2) minimize overlap of similar support provided by developed countries, and enhance aid harmonization
- As for non UNFCCC-mandated financing, it is suggested to start working on MRV framework for grant component of finance first, followed by other components (private finance, etc)
- MRV framework for financing should also be built on existing reporting and reviewing process of the UNFCCC-mandated funds (AP, LDCF, SDCF)
- Greater clarity is required as to when and how the delivery of financial support be verified. Developing indicators for verification may be useful.

19

Appendix 1 : MRVing Support (Technology Transfer and Capacity Building)

Technology Transfer

- What kind of metrics should be designed ?
- Is new organizational body required to assess technology flows?

Capacity Building

- What kind of metrics should be designed ?
- Should capacity building component be treated as independent of financing and technology transfer, or as cross-cutting component?

Overall

- How should the above components of support be verified, and by whom?
- Should the appropriateness of support be based on the extent to which the support meets priorities and needs of developing countries?

Stakeholder Perspectives

Technology Transfer

Developing Countries

- Designing specific performance indicators for technology transfer (developed by SBSTA and SBI.
- Establishing a new technology body to assess performance of technology flow from developed to developing countries.
- Verification body to be set under the COP

Capacity Building

Developing Countries

- Designing specific performance indicators for capacity building.

20

Appendix 2 : The Role of National Climate Change Action Plan

Issues

- The concept of national climate change action plans has been proposed as an instrument to identify, and prioritize NAMAs as well as to define their contributions to global mitigation effort.
- Benefits include more coherent and coordinated domestic policies, enhanced ownership of actions and greater accountability of the Parties
- Should all countries, including developing countries, produce such national action plans? What information should such national action plans cover?

- *Low Carbon Development Strategies (EU)*
- *Low Carbon Strategy (US)*
- *Low Carbon Development Roadmap (Republic of Korea)*
- *Low Carbon Path/Clean Development Path (AOSIS)*
- *Sustainable Development Strategies (Indonesia)*
- *National Action Plan (Japan)*

- Common understanding on the concept and contents of the action plan is required to move the discussion forward.
- Need to identify how climate change action plans can complement and interact with existing national plans, particularly with development planning.

21

Questions for Discussion

1. How could existing NATCOM / GHG Inventories be improved for developing countries to establish better measuring and reporting basis, and what types of international support are necessary?
2. What are the opportunities and challenges for MRVing mitigation actions in developing countries?
3. How can MRV framework be best designed to help match and NAMAs with various types of support in the future climate regime?
4. Should developing countries be required to develop national action plans to seek international support?

22