



# CAN-International Submission on Measurement, Reporting and Verification

28 March 2011

*Climate Action Network – International is a coalition of 550 environmental and development non-governmental organizations worldwide committed to limiting human-induced climate change to ecologically sustainable levels.*

Climate Action Network (CAN) International welcomes the opportunity to submit its views on the work program on developing modalities and guidelines for measurement, reporting and verification (MRV) and International Assessment and Review (IAR) for developed country commitments and actions (¶¶ 46 & 47),<sup>1</sup> and on the development of modalities and guidelines for MRV and International Consultation and Analysis (ICA) of developing country actions (¶¶ 66 & 67), as well as on the initial scheduling of work for both developed and developing countries. CAN-International is a coalition of 550 environmental and development non-governmental organizations worldwide, committed to limiting human-induced climate change to ecologically sustainable levels.

A robust MRV process facilitating increased transparency with respect to the commitments and actions countries are taking to respond to climate change is essential for: generating national emissions data; assessing the effectiveness of country actions against international and domestic commitments and actions; evaluating the collective ability of country actions to prevent “dangerous human interference with the climate system” as stated in the Convention;<sup>2</sup> achieving environmental integrity and good climate governance; and building trust between countries. An MRV system is also indispensable to building a compliance regime but is not a substitute for it, which CAN reiterates is an essential part of the long-term legal architecture of a global treaty. The mechanism should build upon and improve the Kyoto compliance system, incorporating both facilitative and enforcement branches, as well as establishing a facilitative mechanism with associated capacity building for developing country actions.

The MRV provisions in the Cancun Agreements represent progress toward greater accountability; however the effectiveness of these provisions will depend on the design and operationalization of the components of an MRV system in the coming months. The process should be guided by principles that will ensure the integrity of the MRV system, including the promotion of comparability, consistency, accuracy, transparency, and completeness of information, and respect for the principle of Common but Differentiated Responsibilities and Respective Capabilities (CBDR-RC). The system should remain practical and effective by building on the strengths of international systems, beginning with the Kyoto Protocol.

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<sup>1</sup> UNFCCC, Decision 1/CP.16, FCCC/CP/2010/7/Add.1 (2010). All references to paragraphs (¶), unless otherwise indicated, are to Decision 1/CP.16.

<sup>2</sup> United Nations Framework Convention on Climate Change, art. 2, May 9, 1992, 1771 U.N.T.S. 107.

## SUMMARY OF KEY POINTS

- Robust MRV is critical to building trust amongst Parties and helping ensure environmental integrity, good climate governance, and positive social outcomes.
- Enhanced guidelines for developed countries should ensure complete, comparable, transparent and accurate reporting, and clarify the assumptions and conditions related to developed country targets.
- The accounting rules embodied in Articles 5, 7, and 8 of the Kyoto Protocol should continue in the second commitment period of the Protocol and serve as the basis for a comparable agreement on developed country accounting guidelines under the Convention.
- Standardized developed country accounting guidelines should be comprehensive and include: all greenhouse gases and sectors; robust rules for LULUCF emission reductions and enhanced removals; domestic and international offsets; and accounting rules on the use of surplus emissions allowances.
- As part of the newly created process of IAR of Emissions and Removals for developed countries, review guidelines should be strengthened through, *inter alia*, empowering reviewers to flag early warning signals of non-compliance and to adjust inventory data.
- A common reporting format for finance is critical to help ensure comparable, consistent, accurate, and transparent reporting. Additionality should be defined as additional to existing ODA targets and incorporated into reporting guidelines, as should reporting on effectiveness of supported activities.
- Although standardized guidelines for MRV of developing country mitigation actions are critical, some flexibility is needed in order to accommodate different types of policies and capacities of different countries. LDCs and SIDS should be allowed significantly greater flexibility.
- Developing country emissions data in the GHG inventory should be reported in a transparent, consistent, and comparable manner with complete and accurate information, following the latest IPCC guidelines, and be submitted with national communications and, subject to capacities and support, in biennial updates.
- Guidelines for developing country reporting in national communications and domestic MRV systems should be enhanced and developed respectively, and must include provisions for support and technical assistance to build necessary capacity.
- Guidelines for domestic and international MRV of supported actions should take into account the safeguards and related monitoring processes developed under the REDD+ and GCF processes.
- ICA should facilitate a collaborative review of biennial reports, be open to the public, and be able to facilitate capacity building as necessary.
- Enhancement of MRV processes for both developed and developing countries should also include: provisions for public access and participation throughout the MRV process; guidance for reporting on Low Carbon Development Plans; requirements to report on fossil fuel subsidies; adaptation-related reporting, in particular with respect to local-level impacts; and information on how safeguards are being implemented.
- Information on how REDD+ safeguards are implemented is needed as soon as possible during the fast start finance period; an interim system should be established for information provision pending the development of guidance for longer term reporting.
- In conjunction with developing social and environmental safeguards under the Green Climate Fund, Parties must develop a system for monitoring and reporting on implementation of the safeguards.
- Modalities and guidelines for MRV for developed and developing countries should be adopted by COP17 in Durban. Parties should agree on timelines for the biennial reports and next iteration of national communications.

## I. MRV OF ANNEX 1 MITIGATION COMMITMENTS AND ACTIONS

CAN supports the Conference of the Parties' (COP) decision to enhance reporting guidelines for developed countries in order to ensure that they are complete, comparable, transparent and accurate (¶ 41), and to clarify the assumptions and conditions related to developed country targets (¶ 38). CAN also welcomes the introduction of biennial reports for developed countries (¶40). These elements are essential to understanding and tracking developed country commitments under the Kyoto Protocol and the Convention (for non-Kyoto Parties). Guidelines for developed country MRV already exist under the Convention and the Kyoto Protocol. Thus, we address aspects of existing guidelines that should be improved and new processes created by the Cancun Agreements.

**Accounting of emissions reductions:** Enhanced accounting rules should build on the accounting rules embodied in Articles 5, 7, and 8 of the Kyoto Protocol<sup>3</sup> to establish standardized accounting provisions. These provisions should: use *comparable* and *accurate* methodologies for estimating and reporting emissions reductions, enhanced removals, and offsets; require reporting of all data, procedures, and assumptions in a *transparent* manner; be *complete* (for example, include all sources and sinks); and require *consistent* reporting over an agreed time period. If Parties agree to these criteria, they should be able to track whether a developed country Party is likely to meet its target, avoid double counting of emissions reductions among Parties, and assess whether achievement of the targets will affect atmospheric greenhouse gas (GHG) concentrations.

In Durban, the COP should adopt the use of the latest IPCC guidelines (currently the 2006 guidelines) on greenhouse gas inventories replacing the current use of 1996 guidelines. This issue is being considered by SBSTA in the work program revising Annex 1 Reporting Guidelines.<sup>4</sup>

Given that there are several assumptions underlying country targets (i.e., domestic sector offsets, international offsets, inclusion of LULUCF or not, etc.), accounting rules for those targets must go beyond the GHG inventory. To help ensure comparable reporting despite varied assumptions, the COP must standardize accounting guidelines for:

1. Coverage of greenhouse gases and sectors;
2. Robust and comprehensive accounting rules for LULUCF emissions reductions and enhanced removals;
3. Accounting rules for domestic and international offsets; and
4. The use of surplus emissions allowances (or assigned amount units, AAUs) remaining from the first commitment period of the Kyoto Protocol (resulting from the 'flexible mechanisms' of emission trading, JI, and CDM).

**International Assessment and Review (IAR):** IAR should serve to strengthen the review process under the Convention. Its scope, including reviewing mitigation commitments and support obligations, should empower reviewers to flag early warning signals of non-compliance (e.g. when emissions trends are off, by a certain percentage, the linear trajectory to the target), and allow for an open and consultative process to address such problems so as to ensure compliance with commitments undertaken. To ensure transparency, consistency, and adherence to agreed accounting guidelines, expert reviewers should also be able to adjust data in cases where it is not in accordance with the rules. The IAR process may also address cases in which the Party concerned and the reviewers disagree. This process must also allow meaningful public participation throughout. The establishment of an open and participatory spin-off group and process under the LCA to develop IAR guidelines with a work program to be completed by COP 17 is appropriate.

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<sup>3</sup> The Kyoto Protocol to the United Nations Framework Convention on Climate Change, arts. 5, 7, 8, Dec. 10, 1997, 37 I.L.M. 22

<sup>4</sup> UNFCCC Website, GHG Inventories (Annex I), *Reporting Requirements*

[http://unfccc.int/national\\_reports/annex\\_i\\_ghg\\_inventories/reporting\\_requirements/items/5333.php](http://unfccc.int/national_reports/annex_i_ghg_inventories/reporting_requirements/items/5333.php).

## II. MRV OF DEVELOPED COUNTRY SUPPORT OBLIGATIONS: CLIMATE FINANCE, TECHNOLOGY TRANSFER AND CAPACITY BUILDING

**Reporting on Climate Finance:** A common reporting format for finance is critical to help ensure comparable, consistent, accurate, and transparent reporting (¶ 41). Key lessons can be drawn from previous experience with guidelines for reporting finance in UNFCCC national communications. In 2007, the UNFCCC Secretariat prepared a synthesis of financial information based on the fourth national communications from Annex I Parties.<sup>5</sup> The Secretariat noted that multiple methodological and reporting issues limited the utility of their analysis. For example, Parties reported funding to multilateral institutions without distinguishing funding for climate change, and provided information on bilateral contributions using different and sometimes incomparable formats. In addition, the guidelines provide no information on how to report projects that have multiple components, or on how to determine additionality; they do not clearly distinguish among financing types (i.e., grants, loans, and guarantees) or public versus private funding. These limitations should be considered by the COP, and addressed, in the drafting of enhanced guidelines for reporting finance. The guidelines should also address reporting on: the effectiveness of support provided, including support provided during the readiness phase of REDD<sup>+</sup> for *inter alia* implementation of the safeguards (and link this review to developing country reporting of supported actions); and other means of support, such as technology transfer and capacity building.

**Additionality:** The Cancun Agreements require that funding be “new and additional.” (¶¶ 95 & 97) i.e.: new and additional to existing Official Development Assistance (ODA) targets but Parties have yet to agreed on a definition of the term. Nevertheless better data would eventually allow Parties to determine from a technical standpoint whether there has been an increase or decrease in climate finance over time, and whether any increase has simply been at the expense of existing ODA targets that have already been committed and are required in order to meet the Millennium Development Goals.

**Reporting on Fast-Start Finance:** Finalizing and implementing a comprehensive reporting system will take time. It will thus not satisfy the need for more transparency in the short-term, and in particular information related to fast-start funding, which is required by the Cancun Agreements (¶96). Fast-start financing information will be key to ensuring that developing countries, particularly the poorest and most vulnerable, build their capacity to adapt and cope with the effects of climate change and mitigate their greenhouse gas emissions, and take the necessary immediate actions to mitigate their greenhouse gas emissions, and adapt and cope with the effects of climate change. It will also be essential for building trust between countries where action is being taken. The secretariat should provide guidance for this reporting in order to ensure that the information provided is adequate, comparable and complete, and allows for an assessment of whether or not developed country Parties are meeting their fast-start finance pledges. Additionally, enhanced guidance is needed for the provision of information on safeguard implementation to enable an assessment of the activities, including whether the REDD<sup>+</sup> safeguards are being addressed and respected (¶ 71(d)).

## III. MRV OF DEVELOPING COUNTRY ACTIONS

The work programme for MRV of developing country actions (¶ 66) includes: measurement, reporting and verification of supported actions and corresponding support (¶ 61); biennial reports as part of national communications from developing country I Parties; domestic verification of mitigation actions undertaken with domestic resources (¶ 62); and ICA (¶¶ 63, 64). Generally, in developing modalities and guidelines, it is important to take into account the diversity of national priorities, policies, capacities, and circumstances in developing countries. In particular, NAMAs will likely include a variety of different goals, initiatives, instruments and policy tools, depending on the specific development priorities of each country. Thus, although standardized guidelines and guidance are critical, some flexibility is needed in order to accommodate different types of policies and capacities of different countries. Further, as a cross-cutting matter, LDCs and SIDS should be allowed significantly greater flexibility.

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<sup>5</sup> UNFCCC, SBI, *Compilation and Synthesis of Fourth National Communications*, FCCC/SBI/2007/INF.6/Add.2, available at <http://unfccc.int/resource/docs/2007/sbi/eng/inf06a02.pdf>.

## General Reporting Requirements:

*Greenhouse Gas inventories:* Emissions data in the GHG inventory should be reported in a transparent, consistent, and comparable manner with complete and accurate information, following the latest IPCC guidelines. In addition to using consistent methodologies, Parties should communicate any additional information relating to methodology usage and data assumptions with the inventory. Inventories should be submitted with national communications and, subject to capacities and support, in biennial updates (¶ 60).

*National Communications:* Guidelines for reporting in national communications should be enhanced. This should include: updates of greenhouse gas inventories; information on mitigation action, needs, and support received; and effectiveness of implementing actions. Additionally, in enhancing reporting guidelines, it is important to include reporting on other actions (not only mitigation) and, provisions for public access and ability to comment on information (see below for more detail).

*Biennial reports:* Parties should identify a subset of the elements from the national communications to be included in the biennial report, subject to capacity and support. It should not be an additional report on top of the national communication.

**MRV of Supported Actions:** In developing guidelines for domestic and international MRV of support actions, Parties should ensure *inter alia* that: guidelines for domestic and international MRV of supported actions are streamlined and harmonized to reduce inefficiencies where possible; non-carbon impacts are considered, particularly taking into account safeguards and related monitoring processes developed in the REDD+ and GCF context (see below); and, there is adequate support to conduct MRV.

**MRV of Unsupported Actions:** It is vital that developing countries have reliable and effective domestic MRV systems. Guidelines for domestic MRV systems in this context should: consider existing domestic MRV systems, new and emerging MRV systems, and national/international best practices; avoid unreasonable burdens for developing countries; and include provisions for supplying technical expertise to assist countries develop effective MRV systems. Further, development of domestic MRV systems should be supported by finance from developed countries.

**International Consultation and Analysis (ICA):** The ICA process should facilitate a collaborative review of biennial reports (consistent with ¶ 60) that is open to the public. Technical expert panels (¶ 63) that review biennial reports and input into the summary report should be independent and open to both international and national experts, and specialists from private sector, academia, and civil society. ICA should also have a capacity building role available to countries for the improvement of inventories, policies and measures, and for assistance with issues of NAMA implementation through the establishment of a facilitative mechanism. Establishing an open and participatory spin-off group and process under the LCA to develop ICA guidelines with a work program to be completed by COP 17 is appropriate.

## IV. OTHER REPORTING CONSIDERATIONS/CRITERIA

### a. Public Participation in the MRV process

Transparency must apply to the MRV process itself: public access and participation must be guaranteed throughout the process. Civil society organizations play a valuable role in providing data on country actions and support, and cross-checking the information.<sup>6</sup> To take advantage of the resources and knowledge civil society has to offer, its current unofficial status should be changed to allow for official consideration of its information in the UNFCCC processes, and for direct civil society representation in MRV processes, including the development and implementation of the work program on developing modalities and guidelines for MRV.

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<sup>6</sup> The Institute for European Environmental Policy's (IEEP) January 2009 evaluation of the EU's fulfillment of its 2001 Bonn pledge provides one example of civil society's key contribution to the tracking the allocation of climate finance. The IEEP assessment compiled aid data on the EU's climate finance transfers through bilateral aid, the GEF, and MDBs. In addition, in the absence of a formal reporting process for short-term climate financial flows (2010-2012) as promised in Copenhagen in December 2009, civil society organizations such as the World Resources Institute, climatefundupdate.org, and Project Catalyst have stepped in to play a *de facto* role of collecting climate financial information.

## **b. Low Carbon Development Plans for Both A1 and NA1 Countries**

**Developed Countries:** The work programme should include guidelines for the Low Carbon Development Strategies or Plans for developed countries. These plans should provide a long term decarbonization trajectory, identifying transformation strategies, policies and measures, with emissions reductions through 2020, 2030, 2040 and 2050 and be updated every 5 years.

**Developing Countries:** The work programme should include guidelines for Low Carbon Development Strategies or Plans that developing countries are encouraged to develop (¶ 65). These plans should outline how countries plan to deviate from business as usual emissions by 2020 and explain country goals for 2030 to 2050.

## **c. Reporting of Fossil Fuel Subsidies in National Communications**

As part of the information provided in national communications, Parties should include reporting on fossil fuel subsidies. There is broad, high level political agreement on the need to eliminate both production and consumption fossil fuel subsidies, and a clear need for specific and *transparent*, MRV guidelines regarding the reporting of fossil fuel subsidies. Parties should include fossil fuel subsidy reporting requirements in guidelines or revision of guidelines for: developed country national communications; common reporting formats; and biennial reports from all Parties.

## **d. Monitoring and Reporting of Adaptation Activities**

Monitoring and reporting processes can serve to address both the political and technical nature of building climate resilient communities. In order to assess the effectiveness of risk reduction or adaptation policies and legislation, change must be measured at the local level - specifically at the critical interface between local authorities and at risk populations, and particularly with respect to local-level impacts. Local-level monitoring will be essential and can serve to validate government performance as well as operationalize community and multi-stakeholder engagement in adaptation implementation. Engagement of local authorities and communities in monitoring adaptation policies can help build partnerships, educate policy-makers and communities, and develop responses that are most appropriate for affected populations. Strong procedures for public participation, especially for the engagement of affected people, are crucial. Including reporting provisions to cover these important aspects in the overall national communication guidelines will be an important step.

## **V. MONITORING OF SAFEGUARDS**

The Cancun Agreements contain important provisions on safeguards both for REDD+ activities and for the Green Climate Fund. The implementation of these safeguards will depend on having effective monitoring and reporting systems that build on existing structures where possible.

### **a. REDD+ Safeguards**

The Cancun Agreement requests that developing country Parties aiming to undertake REDD+ activities develop a system for providing information on how the safeguards are being addressed and respected (¶ 71(d)). Such a system needs to:

1. As part of enhanced reporting requirements for developing countries, include a requirement to report in national communications and biennial updates on how REDD+ safeguards are addressed and respected, with the provision of support to developing countries and particular emphasis on LDCs;
2. Include a provision for developed country Parties to report in their biennial reports on how REDD+ safeguards are addressed and respected as part of the information provided on financial, technology and capacity building support;
3. Include the review of how REDD+ safeguards are addressed and respected in the enhanced guidelines under ¶ 42 of the Cancun Agreement, for the review of information in national communications provided by developed country Parties on the provision of support;
4. Be based on reliable information from effective national governance, social and environmental safeguard

monitoring and reporting systems that are incorporated into national strategies and action plans and involve stakeholders, indigenous peoples and local communities, with full support provided to developing countries with particular emphasis on LDCs for their development; and

5. Become operational as soon as possible and include the interim provision of information during the fast start finance period pending the development of enhanced reporting, with the aim of forming part of an integrated REDD+ monitoring, reporting and verification system. The work program on MRV should explore how this can best be achieved. One way, for example, could be the provision of information on how the safeguards are addressed and respected in reports on fast start finance (¶ 96), with information being provided through the REDD+ database in the meantime pending the development of guidance for this reporting.

Reporting of information obtained through an effective monitoring system is necessary to demonstrate the adequate design, implementation and respect for the safeguards and will improve overall implementation and effectiveness of REDD+.

**b. Accountability for Green Climate Fund (GCF) Safeguards:**

The Terms of Reference for the Transitional Committee specifically calls for the development of a mechanism “to ensure the application of social and environmental safeguards” (¶ 1(h)). Unlike the REDD+ safeguards, these safeguards are yet to be articulated in more specificity. However, in general terms, the safeguards must include clear policies and procedures that prevent social and environmental harm and maximize public benefit, participation, transparency, accountability, equity, and the protection of rights.

In order to achieve effective implementation of these safeguards the GCF safeguard framework must: (1) provide access to information based on internationally recognized norms; (2) build on the REDD+ safeguards and strengthen their implementation; (3) maintain policies and processes designed to help countries implement safeguards in national laws and systems that support low-carbon sustainable development, have good governance structures, and are consistent with international obligations; (4) support appropriate national-level grievance mechanisms as well as an international mechanism for cases that cannot be resolved at the national level; and (5) establish standardized and regular reporting requirements (including participatory monitoring) regarding how safeguards are addressed and respected throughout the design and implementation of activities.

**VI. SCHEDULE OF WORK**

The Cancún Agreements created work programmes on modalities and guidelines for MRV for all Parties (¶¶ 46 & 66) but did not call upon Parties to finalize these guidelines by a particular date. In CAN’s view, these guidelines must be adopted by COP17 in Durban so that Parties can employ these guidelines for the next phase of reporting starting in 2012.

Consistent with the timeline agreed by the COP for the 6<sup>th</sup> National Communications by Annex I Parties, to be submitted by 1 January 2014,<sup>7</sup> developed country Parties should submit their first biennial reports (¶ 40) in October 2012; and the second biennial report as part of the national communication on January 1 2014, and the third biennial report in January 1, 2016. Developed countries should submit the first iteration of their Low Carbon Development Strategy or Plan (¶ 45) in October 2012.

Consistent with the agreement to introduce a four-year interval between national communications of developing countries in a differentiated timetable, and subject to capacities and support, developing countries should submit the next iteration of national communications four years after their last national communication was submitted, beginning in October 2012. For instance, the submission date should be 2014 if the last national communication was submitted in 2010, and October 2012 for countries that had their last national communications from October 2008 and earlier. Biennial reports should, subject to capacities and support, be submitted in accordance with the differentiated time table.

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<sup>7</sup> UNFCCC, Decision 9/CP.16, FCCC/CP/2010/7/Add.2 (2010).