



The defining characteristic of the Paris Agreement is that it gives Parties wide latitude on both how to structure their Nationally Determined Contributions (NDCs) and how ambitious to be, while establishing legally binding obligations on the information that must be reported by Parties to the UNFCCC on the details of their NDCs and progress made over time.

A second significant aspect of the Paris Agreement is that it applies a single set of rules, with some flexibility, to all Parties. This departs from previous UNFCCC agreements which established clearly differentiated obligations between developed and developing countries. Specifically, only developed country Parties had emission reduction targets under the Kyoto Protocol, and developed and developing country Parties had different requirements for Biennial Reports and Biennial Update Reports (respectively). At the same time, while the new Biennial Transparency Reports (BTR) established under the Paris Agreement have one common structure, the BTR guidance provides flexibility in several areas¹ for developing country Parties, and especially for least developed countries, small island developing states, and other Parties that "need it in light of their capacities." 2

The "Katowice Climate Package," agreed in December 2018 in Katowice, Poland at COP24, provides operational guidance elaborating a number of reporting requirements and defining the extent of flexibility available to Parties.³ This whitepaper provides a high-level entry point for understanding these decisions, with a focus on four areas:

- Areas of flexibility for developing country Parties;
- Provisions that apply uniquely to the land sector⁴;
- Timing of required communications and reporting; and.
- Key changes from the pre-existing Biennial Update Reports (BURs) and other UNFCCC reporting

The Katowice Climate Package includes two relevant decisions. The NDC Information and Accounting decision (4/CMA.1) outlines the required content of a Party's NDC. The Transparency Framework decision (18/CMA.1) outlines how Parties report information over time on implementation of the NDC, and how that reported information is reviewed. While these are separate decisions, they have important linkages in that Parties must report on their implementation and outcomes in a manner that matches their NDC structure.⁵

CHANGES FOR DEVELOPING COUNTRY PARTY REPORTING OF THE LAND SECTOR: BIENNIAL UPDATE REPORT (BUR) TO BIENNIAL TRANSPARENCY REPORT (BTR)

Element	Change for Developing Country Parties (from BUR to BTR)
Frequency of Reporting	Two Years: remains the same under BTR as BUR
Review	BTR introduces a more in-depth review, while retaining the facilitative approach that does not second-guess choices made on accessing flexibility. Can opt out of any in-country review.
National Inventory Report	
Frequency	Two Years: remains the same as under BUR, although annual data is required after 2020
Methods	2006 IPCC Guidelines ⁶ are required, instead of the 1996 Guidelines. This has significant implications for inventory requirements as even the lowest tier approaches have significant changes, e.g., in use and values of default emissions factors.
Gases	Maintains requirement to report on 3 major greenhouse gases (CO2, CH4, N2O), if electing not to report all 7 gases, and requires reporting on all gases in NDC, covered in an Article 6 activity, or previously reported.
Key Categories/Sources	Threshold now applied requiring inclusion of the land sector, but greater flexibility allowed from 2006 Guidelines
Uncertainty	These elements are required but allowed to be qualitative
Supplemental Guidance	Use of the 2013 IPCC Wetlands Supplement is encouraged
Mitigation	
Form	All Parties are required to submit an NDC. Significant change is that Parties must select "relevant" metrics of at least one indicator from the NDC to explicitly track over time starting with the first BTR.
Accounting	All Parties indicate if and how the accounting approach for tracking progress on identified indicators differs from IPCC approaches used in the inventory
Land Sector	Tracking of Progress must include a description of the methodologies used for natural disturbance, harvested wood products, and ageclass propagation

AGREED REPORTING REQUIREMENTS

The key new requirements for <u>all</u> Parties are to provide information on their NDC, and to submit a Biennial Transparency Report (BTR).

The NDC describes the political commitment of a country to address climate change along with its respective mitigation targets. The NDC will contain "information necessary for clarity, transparency and understanding," in order to ensure that countries' NDCs are comparable and can be held accountable.

- 1. Quantifiable information on the reference point
- 2. Time frame or periods for implementation;
- 3. Scope and coverage
- 4. Planning processes
- Assumptions and methodological approaches including those for estimating and accounting for anthropogenic GHG emissions, and removals
- 6. How the Party considers that its NDC is fair and ambitious
- 7. How the NDC contributes towards achieving the objective of the Convention

The BTR will contain 5 core components, listed below. However, only the first two - the NIR and tracking progress—are mandatory for all Parties, giving considerable flexibility to developing country Parties.^{7,8}

- 1. A national inventory report (NIR)
- 2. Information necessary to track progress on their NDC
- 3. Information on impacts and adaptation
- 4. Information on support provided
- 5. Information on support received

NDC FLEXIBILITY

In general, the NDC guidance applies equally to all Parties, while recalling in several clauses the greater responsibility of developed country Parties to lead on mitigation ambition and the capacity constraints of developing country Parties. In particular, the NDC Decision (4/CMA.1) makes the distinction that developed country Parties should have economy wide targets, and that developing country Parties are "encouraged to move over time towards" economy wide targets.

The timing of when the NDC guidance is required to be applied is the same for all Parties—at its second and subsequent NDCs¹⁰—but some Parties may elect to apply the guidance earlier. The NDC for Parties is to be submitted by 2025, as outlined in Art.4 para.9 of the Paris Agreement.

TRANSPARENCY FRAMEWORK FLEXIBILITY

The BTR decision text recalls that the Paris Agreement does "provide flexibility in the implementation of the provisions of Article 13" and that "these MPGs specify the flexibility that is available to those developing country Parties that need it in the light of their capacities." The BTR decision text further states that this flexibility is "self-determined" by the Party and not subject to review, but at the same time must be "clearly indicate[d]" and accompanied by "estimated time frames for improvements¹²."

There are two implications of these paragraphs. First, the flexibility provided developing country Parties is limited solely to that found in the decision text and is not openended (i.e., unless otherwise specified ALL provisions apply to ALL Parties). Second, flexibility should be applied because of capacity constraints and that there should be a country-driven plan to address these constraints which is to be communicated as part of the BTR.

The first BTRs for developed country Parties are required by the end of 2024. (Additional information on the timing of BTRs is provided below.)

The following sections describe the specific flexibility provided only for developing country Parties in three key areas of the BTR guidance: National Inventory Report; Tracking of Progress; and the Technical Expert Review of BTRs.

NATIONAL INVENTORY REPORT (NIR)

All Parties are now required to use 2006 IPCC guidance, and encouraged to use the 2013 Supplement to the 2006 IPCC Guidelines for National Greenhouse Gas Inventories: Wetlands (Wetlands Supplement). Developing country Parties are providing reporting flexibility in the following areas:

- Frequency: Biennial reporting, rather than the annual reporting required for developed countries
- Time series: Reported data can be for the reference period of the NDC rather than from 1990, as required for developed country Parties, and annual data is only required from 2020 onwards
- Data: The latest reporting year can be three years prior to the NIR submission, versus two years prior
- Gases: Reporting is only required for CO₂, CH₄, and N₂O, not all 7 gases, unless those other four gases are included in their NDC, Article 6 activities, or have been previously reported

- Uncertainty: May provide a qualitative discussion of uncertainty rather than quantitative estimates of uncertainty
- Not Estimated: May determine some sources to be "insignificant" at a larger threshold than all Parties can use
- Quality Assurance/Quality Control: A QA/QC plan is encouraged, not required

TRACKING OF PROGRESS

Parties are required to report in their BTRs on both implementation efforts and actual GHG mitigation results. The tracking of progress must use indicator(s) that "are relevant" to the underlying NDC. There is no requirement that the selected indicators are a complete representation of all elements in the NDC, and thus all Parties are given wide latitude in determining the specific NDC elements to be tracked. There is no further flexibility specific to developing country Parties in the selection of indicators and metrics.

Types of Indicators

Paragraph 66 of 18/CMA.1 provides examples of appropriate indicators:

- Net GHG emissions and removals
- % reduction of GHG intensity
- Relevant qualitative indicators for a policy or measure
- Mitigation co-benefits of adaptation actions or diversification plans

Overall, there is very limited flexibility within tracking of progress guidance. The flexibility provided developing country Parties includes the following:

 Developing country Parties may elect not to provide projections of emissions and removals, or use less detailed methods.^{14, 15} Developing country Parties are encouraged, not required, to estimate the expected emission reductions of actions, policies and measures.¹⁶

TECHNICAL EXPERT REVIEW OF BTRS

The technical expert review (TER) continues the FCCC practice of a facilitative approach to reviewing Party reports, in that the TER scope does not address level of ambition or the appropriateness of choices made by Parties in their NDC formulation or tracking of progress. Rather, the review focuses on whether the guidance has been applied in a technically correct manner. Of relevance here is that the TER addresses whether the use of available flexibility by a Party is adequately explained, not whether it is warranted.¹⁷ The TER does identify areas for improvement and capacity-building support.¹⁸

Developing country Parties may:

- Opt out of the requirements for in-country reviews, and choose "centralized" reviews¹⁹
- Take three rather than two weeks to provide requested information to review teams²⁰
- Take three months rather than one month to respond to comments from the review team ²¹

LAND SECTOR: NDC AND BTR

In general, the land sector is treated equivalently to all other sectors in terms of information to include in the NDC, inventory reporting, and tracking of progress. Additional requirements are specified for unique aspects of the land sector including natural disturbance, harvested wood products, and age-class structure.

Regarding the "information to facilitate clarity, transparency and understanding in NDCs," land sector elements are required to describe how methodologies, assumptions and approaches consistent with the latest IPCC guidance. Additionally, this requirement also includes explaining the approach used to address emissions and removals for natural disturbance on managed lands, harvested wood products, and age-class structure.²² Emissions accounting approaches must follow IPCC guidelines or explain the approach taken.²³ Parties must use the same accounting approaches in tracking progress (in the BTR) as were used in the NDC.

Importantly, the land sector is now required to be included in the NIR.²⁴ As such, Parties must report using the applicable IPCC inventory guidance and follow the

overarching requirements for all sectors laid out in 18/CMA.1, specifically as it applies to elements such as the key category analysis and selection of specific methodologies (e.g., tier level). Within the land sector component of the NIR, Parties are required to report on the approach taken to natural disturbance on managed lands, and on details of harvested wood product reporting if different from the production approach.²⁵

The guidance on tracking of progress in the NDC also specifically requires the inclusion of, where applicable, details of the assumptions or methodologies used for each sector- or activity-specific targets, baselines or indicators. This includes a specific requirement to report on approaches used for natural disturbance, harvested wood products, and the effects of age-class structure. Additionally, when applicable to a target or baseline, the information on methodologies must be included that detail how mitigation co-benefits of adaptation actions were estimated. This may be particularly relevant for ecosystem-based adaptation actions that have land sector activities, such as with coastal ecosystems. In the BTR, the contribution of the land sector must be broken out separately. Expression of the land sector must be broken out separately.

Timing of Required Communications and Reporting

The Paris Agreement and associated NDC and Transparency Framework decisions in the Katowice Climate Package provide a new sequence of reporting and review.²⁹ The key timelines for <u>developing country Parties</u> are outlined here, noting that in almost all cases the timelines are identical for all Parties. The intention of reporting cycles is for the timing to be aligned for ALL countries, but noting that LDCs and SIDS have discretion on their reporting frequency.

- NDC: Beginning in 2020, and every 5 years. (Note: Application of Katowice Package NDC guidance is only mandatory with the second NDCs.)
- **BTR**: Beginning in 2024³⁰ and every 2 years thereafter. (Note: Developing country Parties may report their NIR every two years, in contrast to annually for developed country Parties.)
- National Communications: Ongoing, and shifting to every 2 years starting in 2024, to harmonize with BTR schedule.

 Global Stocktake: Beginning in 2023, and every 5 years. (Note: The First Global Stocktake will occur before the first developing country Party BTRs are required.)

PRACTICAL CONSIDERATIONS IN MOVING FROM PRE-EXISTING CONVENTION REPORTING TO NEW PARIS AGREEMENT REQUIREMENTS

One of the guiding principles of the Paris Agreement, and reiterated in the Katowice decisions, is "building on and enhancing the transparency arrangements under the Convention." A second principle is "that Parties maintain at least the frequency and quality of reporting in accordance with their respective obligations under the Convention," i.e., no backsliding. Therefore, the Paris Agreement has the intent of an incremental advance from existing reporting obligations and practice. At the same time, the Paris Agreement and Katowice decisions clearly introduce some new requirements around timing and content of reporting for developing country Parties.

Some elements of the reporting guidance have yet to be decided. For example, details around the common tabular formats and common reporting tables remain under discussion. Article 6 reporting in the BTR also remains to be clarified, as that negotiating track is still being finalized.³³ This may have particular relevance for developing country Parties electing to take advantage of Article 6 provisions, and also for Parties that have participated in the Clean Development Mechanism.

Each Party will need to assess what changes are required, in terms of content and the preparation timeline, and what additional resources will be needed. Parties should assess as early as possible whether significant enhancements are needed in underlying data gathering and analytical capacity. The incremental requirements will depend on each Party's current reporting approach, the Party's NDC approach, and how the new BTR rules apply to the country-specific context. Also, prior convention reporting and BUR/ICA guidance do not have explicit provisions for improvement over time. The following are three key areas to assess where significant new requirements may occur:

NDCs

Arguably the most significant new item in the Paris Agreement is that all Parties must communicate NDCs every 5 years. While new for all Parties, the information required in NDC guidance is considerably more detailed than developing country Party provisions in the previous mitigation action reporting in National Communications³⁴ and BURs.³⁵ National Communication guidance required "general descriptions of steps taken or envisaged" and BURs required information "to the extent possible." Moreover, as outlined above, there is little flexibility for developing country Parties in the agreed guidance on NDCs – all Parties have similar requirements on the information to be provided.

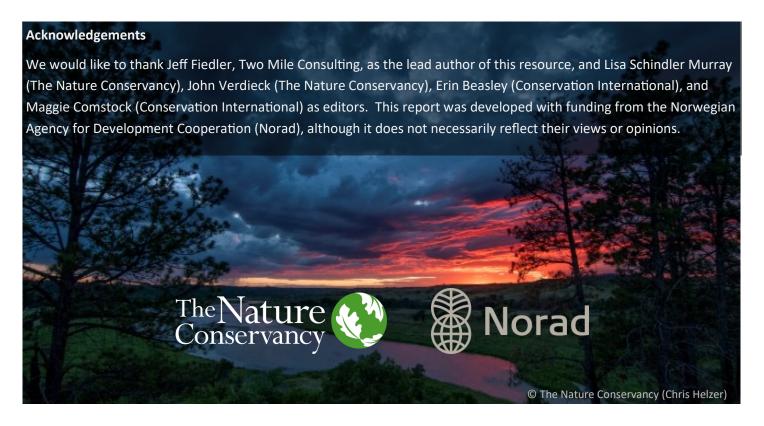
TRACKING OF PROGRESS IN BTR

Similar to the description of mitigation actions taken or envisaged in National Communications, earlier reporting requirements were required only "to the extent possible" and had very little elaboration on specific requirements. In contrast, all Parties are now required to identify at least one indicator related to their NDC and provide relatively detailed accounting information on those indicators. This includes descriptions of how the tracking approach follows or diverges from IPCC guidance.

NATIONAL INVENTORIES

The Transparency Framework guidance in the Katowice Package contains considerably more detail and mandatory requirements than in previous inventory guidance in National Communications.³⁶ While there are many flexibility provisions, the requirement to use the 2006 IPCC Guidance and include the land sector will likely be a major step for many Parties.

One positive area in terms of efficient use of resources is the strong encouragement in the linked guidance to harmonize between NDC information, tracking of progress, and underlying inventory data and methods. Specifically, indicators for tracking progress selected in the BTR are required to be relevant to the NDC structure, and the BTR must contain a description of and updates on the NDC. Tracking of progress must explain if and how methodologies differ from both the communicated NDC and the most recent national inventory report. Unless Parties choose consciously to diverge from IPCC methods, resources devoted to inventory improvements and preparation will be directly relevant to the NDC information and tracking of progress.



REFERENCES

- 1. 18/CMA.1, Annex I.C.5: "including in the scope, frequency, and level of detail of reporting, and in the scope of the review."
- 2. 18/CMA.1, Annex I.C.4
- FCCC/PA/CMA/2018/3/Add.2. Katowice Climate Package, including specifically 4/CMA.1 (NDC Information and Accounting) and 18/CMA.1 (Modalities, Procedures, and Guidelines for the Transparency Framework). https://unfccc.int/sites/default/files/resource/cma2018 3 add2 new advance.pdf
- 4. We use the plain-English term "land sector" throughout this paper, noting that the UNFCCC Decisions cited refer technically to the "LULUCF sector."
- 18/CMA.1, Annex III.B elaborates how the BTR includes relevant information and updates from the NDC.
- 2006 IPCC Guidelines for National Greenhouse Gas Inventories. (https://www.ipcc-nggip.iges.or.jp/ public/2006gl/)
- 7. 18/CMA.1, Annex I.E.11: LDCs and SIDS may submit these elements "at their discretion."
- 8. Adaptation and impacts information "should" be reported by developing country Parties. 18/CMA.1, Annex I.E.10(c).
- 4/CMA.1, paragraph 5. Economy wide is not defined in 4/CMA.1, but is generally understood to mean that the NDC includes all sectors and addresses key categories in a Party's inventory.
- 10. 4/CMA.1, Paragraph 7 and 14
- 11. 18/CMA.1, Annex I.C.4-5
- 12. 18/CMA.1, Annex I.C.6
- 13. 18/CMA.1, Annex I.C.1.20
- 14. 2013 Supplement to the 2006 IPCC Guidelines for National Greenhouse Gas Inventories: Wetlands (Wetlands Supplement) https://www.ipccnggip.iges.or.jp/public/wetlands/
- 15. 18/CMA.1, Annex III.F.92 and 102
- 16. 18/CMA.1, Annex III.D.85
- 17. 18/CMA.1, Annex VII.A.149(e)
- 18. 18/CMA.1, Annex VII.A.146(e)
- 19. A centralized review is defined as similar to a desk review, but with reviewers gathered in one central location. It does involve in-country review elements.
- 20. 18/CMA.1, Annex VII.D.162(c)
- 21. 18/CMA.1, Annex VII.D.162(f)
- 22. 4/CMA.1, NDC guidance, Annex I.5(e)
- 23. 4/CMA.1, NDC guidance, Annex II.1, especially (e)(g)

- 24. 18/CMA.1, Annex II.E.2.50
- 25. 18/CMA.1, Annex II.E.2.55 and 56
- 26. 18/CMA.1, Annex III.C.75(d)(i)-(iii)
- 27. 18/CMA.1, Annex III.C.75(e)
- 28. 18/CMA.1, Annex III.C.77(c)
- 29. UNFCCC, Reporting and Review Under the Paris Agreement: https://unfccc.int/process-and-meetings/transparency-and-reporting/reporting-and-review-under-the-paris-agreement/reporting-and-review-under-the-paris-agreement
- 30. 18/CMA.1, paragraph 3
- 31. 18/CMA.1, Annex I.B.3(a)
- 32. 18/CMA.1, Annex I.B.3(f)
- 33. 18/CMA.1, Annex III.C.75(f) does require reporting on "methodologies associated with any cooperative approaches that involve the use of ITMOs towards an NDC ... consistent with CMA guidance on ... Article 6," with additional information specified in paragraph 77(d), essentially deferring guidance to future Article 6 outcomes.
- 34. FCCC/CP/2002/7/Add.2, Annex IV
- 35. FCCC/CP/2011/9/Add.1, Annex III, Section IV, para 12
- 36. FCCC/CP/2002/7/Add.2, Annex III

