

# Reality check

## *Countries must report accurately on their progress to cut emissions under the Paris Agreement*

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**H**igh-impact weather events continue unabated around the world, hitting the poorest and most vulnerable communities first and hardest. To stand a chance of averting these escalating climate impacts, we need to drastically step up ambition to reduce greenhouse gas (GHG) emissions.

While this is recognised as a global imperative under the Paris Agreement, current national plans – the nationally determined contributions or NDCs – do not do enough to hold global temperature rise to 2°C above pre-industrial levels, let alone the more stringent goal of 1.5°C.

To give the world a fighting chance of averting climate catastrophe, NDCs need to be significantly enhanced by 2020. It is also critical that we have a system in place to check whether countries are on track to meet their individual and collective climate commitments, and whether countries' actions will add up to limit warming to below 2°C. Countries are currently designing such a system, through the negotiations of the implementation guidelines and processes that aim to turn the Paris Agreement into a functioning, effective regime.

### **The transparency framework**

The Paris Agreement established an enhanced transparency framework package. This commits all countries to report on their progress to reduce GHG emissions, build climate resilience, and track the support they provide or receive to transition to a zero-carbon, climate-resilient economy. It also obliges them to get their data and climate plans checked, to assess whether countries are fulfilling their individual and collective

commitments. The review process comprises two phases: i) a technical expert review; and ii) a facilitative, multilateral consideration of progress. The review process puts a premium on identifying individual gaps, discrepancies and needs, while enabling countries to pinpoint and share best practices and lessons learnt with technical reviewers. It allows countries to identify both opportunities and ways to overcome barriers, improving data over time.

While the Paris Agreement tells countries what to do, it does not say how. In December 2016, at COP22 in Marrakesh, Morocco, countries set December 2018 – the date of COP24 in Katowice, Poland – as the deadline for adopting the implementation guidelines, also known as the 'rulebook'. These rules of the game are essential to make the Paris Agreement operational. Failure to get these guidelines right, so that they are clear, robust and enabling, could mean that the Agreement does not become the regime we envisioned and celebrated back in December 2015.

The transparency rules and processes are critical to ensure that governments implement their national plans, and to trigger more robust climate risk management and resilience strategies from investors. The rules will not only hold governments accountable for their commitments, but will also build confidence between all stakeholders involved in the implementation of Paris: to 'walk the talk' and turn commitments into meaningful actions and outcomes, at an accelerated pace. This is why the Paris Agreement gives a special focus to transparency.

But the nature of the Agreement – country-driven, managerial and norm-building – affects the design of the transparency framework, and its ability to facilitate the aggregation of countries' efforts and prevent 'free riding'.

### **Designing the framework**

The bottom-up nature of the Paris Agreement, embodied by the NDCs, tends to emphasise the national economic, social and institutional circumstances that affect the implementation and possible enhancement of country commitments. This privileges flexibility and national sovereignty. Yet this country-driven approach sits alongside some common sets of guidelines and legally binding rules guiding countries' efforts (yet to be adopted), collective quantitative goals (limiting temperature rise), qualitative objectives (resilience and alignment of financial flows), and direction of travel.

Because the Paris Agreement recognises that countries are at different stages of development, and therefore have different capabilities to meet their requirements, the enhanced transparency framework provides some flexibility for developing countries. However, this flexibility should be bounded, so that the information countries provide can be aggregated to allow an accurate assessment of collective efforts. The review process needs to be designed and to perform in such a way that it drives timely provision of information and improvement of data over time. It needs to effectively inform the domestic policy cycle as well as national and international decision-making.

The outputs of the transparency framework will include various reports: national biennial transparency reports, review reports, and also summary reports from the UN Framework Convention on Climate Change Secretariat, which could be syntheses of the national reports.

These output materials should provide relevant information on each country's individual efforts, as well as facilitate aggregation of information to assess collective efforts. This will include evaluating progress toward the long-term goals under



the Global Stocktake (the mechanism established under the Paris Agreement to take stock of collective progress).

Furthermore, the managerial nature of the Paris Agreement advocates a facilitative approach that identifies problems and seeks to troubleshoot (rather than imposes penalties and sanctions). This is based on the assumption that failure to comply would be the result of capacity constraints rather than countries' disregard for adopted rules and commitments.

The technical expert review team will likely be the first to be exposed to cases of non-compliance with the reporting and accounting requirements. If countries agree, they could refer such cases to the committee established under the Paris Agreement to facilitate implementation and promote compliance. Such a process could for instance assess eligibility requirements related to participation in, and use of, market mechanisms. The Paris Agreement allows countries to voluntarily cooperate in implementing their climate actions and commitments by using such mechanisms.

The aim here is to increase their efficiency when it comes to both implementing their commitments and also increasing their ambition. However, to enable countries to do this in a way that preserves environmental integrity, we will need robust transparency and accounting rules. These must be supported by a sound and effective national and international governance system. All of this will be required to ensure that the results of such cooperation (especially if it involves the transfer of mitigation outcomes) avoid double counting. The verification undertaken by the teams of expert reviewers will be crucial.

In addition, the facilitative multilateral consideration of progress (the second phase of the review processes under the enhanced transparency framework) could help identify systemic issues. This could be considered further by the committee established to facilitate implementation and promote compliance, and be highlighted in annual or special reports.

Transparency and accountability are more than technical buzzwords. They are the

▲ Informal consultations on the Global Stocktake at COP23. The success of the Paris Agreement will depend on adopting a clear and robust 'rulebook' at COP24

backbone of the Paris Agreement, playing a critical role in strengthening trust among countries and wider stakeholders. They also foster better cooperation, necessary if we are to transition to a prosperous and fair low-carbon and climate-resilient economy.

The managerial and enabling dimension of the transparency framework is an essential feature of the Paris Agreement. The framework's reporting and review process (including the way it is linked to the Global Stocktake and compliance mechanism) is expected to help identify capacity gaps and other resource constraints that countries may face.

Such a process should provide countries with space and assistance to identify ways to adapt – by building more robust and responsive domestic measurement and tracking systems – and strengthen relevant national and international institutions, and their associated decision-making processes. ●