

# Keeping Track: National Positions and Design Elements of an MRV Framework

HILARY MCMAHON, REMI MONCEL

June 2009

As country representatives meet under the auspices of the United Nations Framework Convention on Climate Change (UNFCCC) to forge a new climate agreement, a major challenge dominates discussions: how can a system be created to assure that countries are held accountable for their commitments and actions to mitigate greenhouse gas emissions (GHGs) and their obligations to provide technology, finance and capacity building support? This working paper seeks to facilitate progress on this critical component of a successful climate agreement. It aims to help policy-makers, UNFCCC negotiators and civil society groups navigate the complexity of the “MRV” challenge by focusing attention on central questions in advance of the December talks in Copenhagen and presenting country positions to date.

World Resources Institute Working Papers contain preliminary research, analysis, findings and recommendations. They are circulated without a full peer review to stimulate timely discussion and to influence ongoing debate on emerging issues. Most working papers are eventually published in another form and their content may be revised.

Suggested citation: McMahon, Hilary and Remi Moncel. June 2009. “Keeping Track: National Positions and Design Elements of an MRV Framework”. WRI Working Paper. World Resources Institute, Washington DC. Available online at <http://www.wri.org/climate>

## TABLE OF CONTENTS

GLOSSARY OF ACRONYMS .....	3
EXECUTIVE SUMMARY .....	4
I. INTRODUCTION .....	5
ASSUMPTIONS AND SCOPE .....	5
LINKAGES WITH OTHER ISSUES .....	6
II. KEY MRV ISSUES .....	7
DIAGRAM 1. KEY MRV QUESTIONS .....	7
REGISTRY OF MITIGATION ACTIONS AND SUPPORT .....	7
INTERNATIONAL VERIFICATION OF MITIGATION ACTIONS .....	7
MEASUREMENT, REPORTING AND VERIFICATION OF SUPPORT .....	8
NATIONAL CLIMATE ACTION PLANS .....	8
III. NATIONAL POSITIONS ON KEY MRV QUESTIONS AND SUMMARY OF MAJOR FINDINGS .....	9
REGISTRY .....	10
VERIFICATION .....	12
MRV OF SUPPORT .....	14
NATIONAL CLIMATE ACTION PLANS .....	16
IV. RECOMMENDATIONS .....	18
V. CONCLUSION .....	19
REFERENCES .....	19

## About the authors

Hilary McMahon is a Senior Associate and Remi Moncel is an Associate in WRI's Climate and Energy Program. Please direct any comments, questions or suggestions about this paper to [hcmahon@wri.org](mailto:hcmahon@wri.org) and [rmoncel@wri.org](mailto:rmoncel@wri.org).

## Acknowledgments

The authors thank the following colleagues for their valuable comments on earlier drafts of this paper and precious assistance throughout the editing and production process: Deborah Seligsohn, Taryn Fransen, Athena Ballesteros, Ruth Greenspan Bell, Jennifer Layke, Neelam Singh, Casey Freeman, Gregory Mock, Caroline Riley, Polly Ghazi, Seth Ort and Natalie Bushell.

## GLOSSARY OF ACRONYMS

AWG-LCA	Ad-Hoc Working Group on Long Term Cooperative Action
BAP	Bali Action Plan
CBDR-RC	Principle of Common but Differentiated Responsibilities and Respective Capabilities
LCDS	Low Carbon Development Strategy
MRV	Measurable, Reportable, Verifiable
NAMA	Nationally Appropriate Mitigation Action
NAPA	National Adaptation Program of Action
PRSP	Poverty Reduction Strategy Paper
R-Plan	Readiness Plan (for the World Bank Forest Carbon Partnership Facility)
SAM	Support and Accreditation Mechanism
TNA	Technology Needs Assessment
TFCB	Technology Finance and Capacity Building
UNFCCC	United Nations Framework Convention on Climate Change

## Executive Summary

As country representatives meet under the auspices of the United Nations Framework Convention on Climate Change (UNFCCC) to forge a new climate agreement, a major challenge dominates discussions: how can a system be created to assure that countries are held accountable for their commitments and actions to mitigate greenhouse gas emissions (GHGs). Such a system must meet multiple goals. It must establish trust that all governments are keeping their respective promises; allow for evaluation of country efforts to mitigate GHGs; and embed recognition that countries need to take varied and nationally specific actions in order to transition to a low-carbon pathway.

In December 2007 in Bali, countries agreed that the mitigation actions and commitments of all countries as well as the support provided should be measurable, reportable and verifiable (MRV). This relatively new concept of “MRV” has become central to the negotiations on a post-2012 climate agreement (see Box 1).

Parties to the UNFCCC now agree on the need to build robust systems to hold countries accountable for their respective mitigation and support obligations under the new agreement – based on the principle of “common but differentiated responsibility” enshrined in the Convention. However, the operational aspects of an MRV framework that will “measure, report and verify” country actions and support have either garnered scarce attention or constitute a source of discord.

Pressing questions on how this operational structure will work are both politically sensitive and technically challenging. They require immediate attention in order to design an effective and fair MRV framework, acceptable to all countries, at the 15<sup>th</sup> Conference of the Parties in Copenhagen in December 2009.

This working paper seeks to facilitate progress on this critical component of a successful climate agreement. It aims to help policy-makers, UNFCCC negotiators and civil society groups navigate the complexity of the MRV challenge, as well as to focus attention on central questions in advance of the December talks in Copenhagen. To this end, the authors have examined a selection of key issues associated with the establishment of an effective MRV system acceptable to all parties, namely:

- (1) Establishing a registry of mitigation actions and support;
- (2) Building a framework for international verification of mitigation actions;
- (3) The measurement, reporting and verification of support; and
- (4) The elaboration of national climate action plans.

Based on the positions that country representatives have taken on these issues as of May 19, 2009, this analysis notes areas of convergence and divergence as well as questions that have remained largely unaddressed, and recommends next steps for negotiators. By building on the review conducted in March 2009 by Michael Zammit Cutajar, the Chair of the Ad Hoc Working Group for Long Term Cooperative Action, this analysis aims to catalyze discussions on these central questions (United Nations, 2009).

## Recommendations

The negotiations in the weeks and months ahead should focus on the following elements:

- *How should supported actions be verified? Will unilateral (un-supported) actions be subject to a verification process as well?*
- *What should be the functions and governance structure of an international registry of Nationally Appropriate Mitigation Actions (NAMAs) and support contributions?*
- *What principles should govern the generation and delivery of finance? Such internationally agreed-upon principles can inform a discussion on ways to ensure predictable, new, additional and adequate support for NAMAs.*
- *What should be the role, modalities and content of national climate action plans? Parties should also specify how such plans would complement other national climate and development planning tools. In addition, sovereignty concerns need to be alleviated and the demand-driven nature of the support allocation process needs to be guaranteed if national climate plans are to be subject to review or if their drafting is to be done in accordance with internationally agreed-upon guidelines.*

In doing so, we recommend that Parties:

- *Consider additional criteria to establish a gradation of MRV requirements.* Such gradation could be based on (a) the type of action undertaken and (b) the ease and cost of verification itself.
- *Build reporting structures and indicators on existing domestic systems.*

- *Set up clear treaty obligations for the provision and reporting of support.* The nature of the support provided should be clarified as well as the ways in which provision of that support should be reported and verified internationally.
- *Focus on delineating the characteristics of acceptable NAMAs (such as mitigation benefits, cost and timeframe) rather than types of acceptable actions.* Doing so would enable countries to propose innovative, nationally specific actions in the future while meeting environmental integrity requirements.

### Box 1. MRV Defined

The Bali Action Plan (BAP) (United Nations, 2007), provides a roadmap for the current climate negotiations and outlines the contours of a new climate agreement. The Plan calls for mitigation commitments and actions by both developed and developing countries, as well as support for the mitigation actions of developing countries in the form of technology, finance and capacity building (TFCB). These commitments, actions and support would all be “measurable, reportable and verifiable” (MRV).

While the phrase “MRV” is new, international climate obligations and national structures to measure, report and verify predate Bali. On the mitigation side, both the Kyoto Protocol (United Nations, 1998) and the Climate Convention (United Nations, 1992) include some provisions for reporting—and to a limited extent for verification—through such instruments as the national communications process. On the support side, financial support already flows between countries and through multilateral bodies such as the Global Environment Facility (GEF).

However, while an international framework for MRV under a new climate agreement will clearly need to take account of existing legal structures and financial flows, it will have to be more than the sum of existing parts. An over-arching MRV structure is required to support an international climate agreement as envisaged by the Bali Action Plan: one based on obligations for all Parties and on the principles—recognized by signatories to the UNFCCC in 1992—of “common but differentiated responsibilities and respective capabilities” and of historic responsibility for past GHG emissions.

## Section I. Introduction

This summary analysis sheds light on the positions countries have taken on four key issues that are critical to the MRV debate and, more broadly, to an ambitious and effective international climate agreement. These key issues are depicted in Diagram 1 and defined in Section 2. Section 3 represents a schematic of the various country positions on these issues, noting areas of convergence, divergence and gaps where countries have not yet expressed views. These gaps are also areas of interest that are not yet on the UNFCCC agenda. Section 3 also includes a summary table of the report’s findings and recommendations based on an analysis of the country positions. The precise references to country submissions can be found in the WRI Working Paper, *Summary of UNFCCC Submissions*, which is available online at [www.wri.org/climate/cop-15](http://www.wri.org/climate/cop-15).

The paper’s objective is twofold. It unravels the central MRV themes presented below by identifying the specific options and questions before Parties. It also offers an analysis of the views expressed by Parties under the auspices of the UNFCCC through two vehicles:

- Country submissions to the UNFCCC from August 2008 to May 19, 2009;
- Presentations and Interventions during the Ad-hoc Working Group on Long-term Cooperative Action (AWG-LCA) in Bonn in April 2009.

Only explicit mentions or endorsements of a particular concept by countries are reflected. The scope of the paper was purposely narrowed to a set of key issues and does not intend to provide a comprehensive review of all MRV-related discussions and views.

### Assumptions and Scope

Several assumptions were made to limit the scope of the analysis and give it more focus. There are some areas where this paper is not specific in its reporting and analysis, particularly in areas where countries themselves are either not specific, or where the diversity of views is too great to reasonably summarize or extract trends. For example, this paper highlights the divide between countries that believe only funds flowing through the UNFCCC should count as acceptable financial support and those that wish to redirect and recognize contributions to financial institutions outside the UNFCCC. The paper does not, however, go into more detail by outlining where countries stand vis a vis various non-UNFCCC finance, such as multilateral development bank and bilateral flows.

## Linkages with Other Issues

Views on the four key issues presented below are not being forged in isolation, but are informed and affected by broader climate discussions. It is therefore important to identify the linkages and trade-offs with other critical issues. While not covered in depth in this paper, the following issues are important for MRV.

### *Binding Nature of the Agreement:*

Discussions are underway to determine how legally binding the climate agreement should be—for example, whether the agreement is in fact a protocol or simply a set of decisions. Verification requirements for pledged actions could vary greatly depending on the path chosen. In addition, the structure of a post-2012 compliance regime—a related but distinct issue from verification—will be informed by the MRV requirements placed on countries and the legal form of the agreement. For instance, the Kyoto Protocol's compliance mechanism may be used if parties decide to capture new obligations through an amendment to the Protocol. Conversely, a series of decisions by the Conference of the Parties in December would not provide such a compliance framework.

### *Legal Structure of the Agreement:*

A second discussion relates to the legal structure of the agreement. Views diverge on whether all countries should be governed by the same Protocol—through a “one-track” approach—or whether their obligations should be captured by different legal instruments. The way in which MRV requirements are adjusted to take account of Parties’ “common but differentiated responsibilities and respective capabilities” (CBDR-RC) will vary depending on the path chosen.

Australia and Japan have made proposals for a single protocol that would cover all countries. Similarly, while not specifying how the Copenhagen text would relate to the Climate Convention or the Kyoto Protocol, the United States suggested that an “implementing agreement” capture commitments and actions from all countries. In addition to stating a need for specific MRV provisions for supported actions, the United States has called for some form of MRV to be applicable to all actions of both developed and developing countries. Developing countries may perceive such proposals for a unique legal instrument and an MRV differentiation based on the nature of the actions rather than the country implementing them to contradict the principle of CBDR-RC. On the other hand, proposals that aim to keep the developed and developing country tracks separate could complicate the inclusion of the United States in a future agreement.

### *NAMAs and MRV:*

Linked to the issue of the registry is the question of the nature of NAMAs. This paper reflects views expressed by some Parties on which actions or characteristics of actions should be listed in a registry. This, in turn, is part of a broader discussion on what forms mitigation actions might take. While some advocate for a finite list of eligible actions, agreement on the main characteristics of viable actions (such as their GHG mitigation potential, timeframe, legal nature, permanence, scale and cost) might enable greater innovation and ownership on the part of proposing countries.

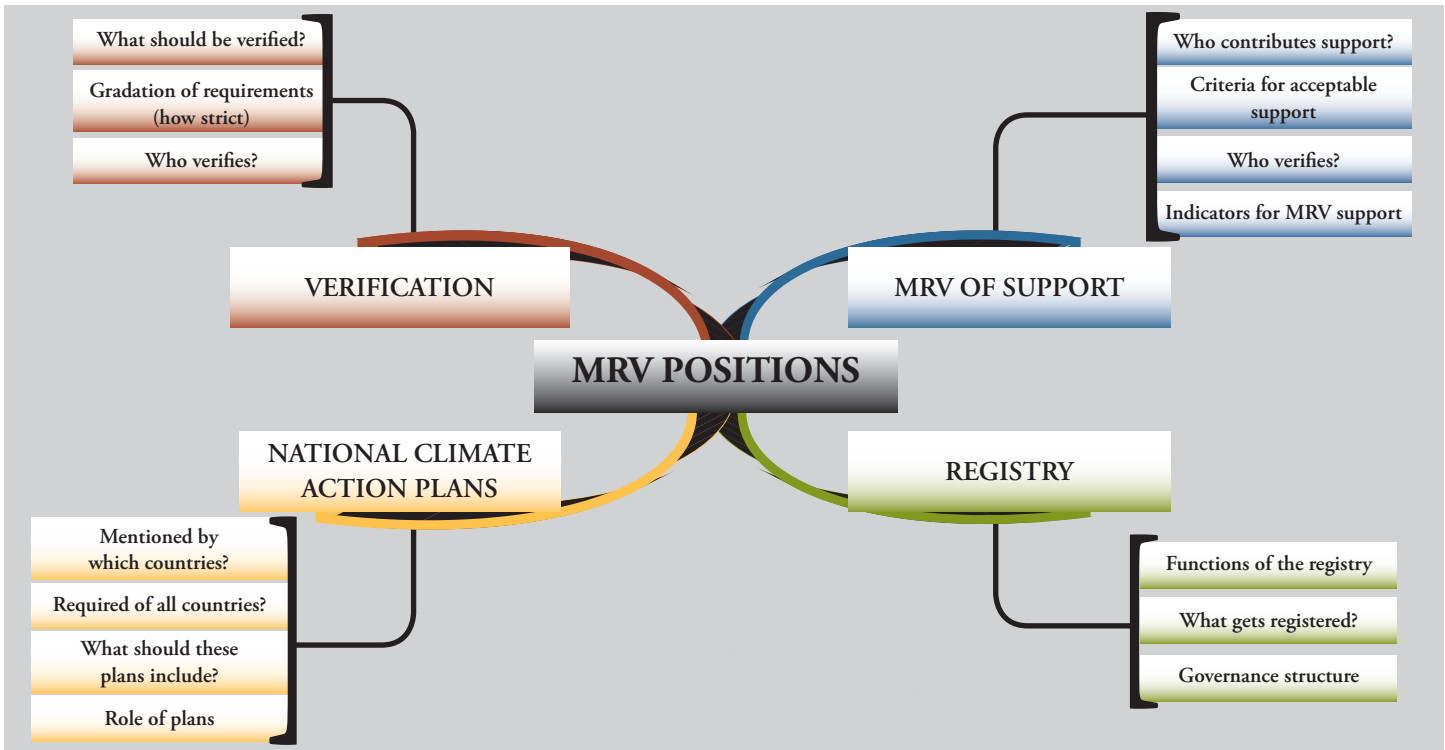
### *National communications and MRV*

UNFCCC reporting systems for developing and developed countries—in particular, the national communications process—provide an important mechanism to pinpoint possible improvements for MRV and identify potential pitfalls for any system under the UNFCCC. Enhanced national communications, perhaps reported in a registry might, for example, be part of a prospective international MRV framework, thereby linking national plans to the MRV process. Beyond national communications, other existing planning mechanisms, such as Technology Needs Assessments (TNAs) should be considered in MRV discussions, as they can also contribute significantly to the formulation of low-carbon roadmaps and help identify the type of actions that might be registered in an MRV system. Any discussion on MRV structures should therefore incorporate the conversations around reporting and planning under the current Climate Convention and the Kyoto Protocol in particular.

### *Finance and MRV*

Finally, financing continues to be one of the most contentious topics under negotiation. The institutional structures for the financing of developing country mitigation and adaptation, as well as the principles that should guide the generation and spending of financial resources will directly influence MRV debates. These questions can be broadened to cover all three aspects of support—financial support, technology sharing and capacity building. This link is essential, as many countries have proposed that the registry itself (see key issues below) act as a financial instrument by linking actions to support. In this model, the registration of actions and support, as well as the linking of one with the other, would be guided by a set of principles and criteria, and would be verified. Alternatively, if the sourcing and allocation of finance take place in a more decentralized manner, through several bodies, the registry would likely play a coordinating role. It would act as an institution that simply records and centralizes information about the various sets of activities on both the action and support side.

## Section II. Key MRV Issues



### Registry of Mitigation Actions and Support

Discussions are underway to develop an institutional framework for MRV that would build on and complement existing requirements embedded in the Climate Convention and the Kyoto Protocol.<sup>1</sup> South Africa and the Republic of Korea introduced the concept of a registry as a mechanism to provide international recognition of domestic-level action on climate change in developing countries. The registry would list mitigation actions from developing countries with various levels of detail about planned implementation. More recently, the concept has gained traction as other countries have proposed that the registry also serve as a mechanism to track the deliverance of pledged support and to link proposed Nationally Appropriate Mitigation Actions (NAMAs) with technology, finance and capacity building. Two fundamentally different visions of the registry coexist; to some Parties, the registry would be a centralized process based on a UNFCCC institution that monitors and verifies actions and support and matches one with the other. On the other hand, some Parties anticipate a decentralized financial model in which several channels and institutions report actions and support and allocate resources. In that case, the registry would serve a more informational role as a body that centralizes and coordinates the various sources of information about both actions and support.

Diagram 2 highlights areas of divergence that persist among proponents of this idea and points to questions that have remained unaddressed by Parties to date.

<sup>1</sup> For an overview of MRV-relevant provisions in those two documents, see South Center (May 2008)

### International Verification of Mitigation Actions

Of the three MRV components agreed to in Bali, verification warrants particular attention for two reasons. First, establishing a robust internationally agreed-upon verification system would require significant enhancement of the Kyoto Protocol and the Climate Convention's existing provisions. In particular, WRI research points to a lack of verification procedures for non-Annex I actions at both the national and international level (Fei et al, 2009). This lack of verification of reported data is a common trait of multilateral environmental agreements. Even the Montreal Protocol, generally regarded as a successful environmental agreement, “does not establish a regular process to verify the accuracy of the information contained in national reports”, the Pew Center on Climate Change notes (Breidenich et al, 2009). Second, the Bali Plan's embrace of Nationally Appropriate Mitigation Actions will likely result in diverse, region-specific policies and formulation processes that will render international comparisons and trust-building more complex. International standards for verification could provide a common understanding between a diverse set of actors and actions and lay the foundation for an inclusive global agreement.

Diagram 2 highlights the emerging point of convergence on the principle of a gradation of verification requirements depending on the support received. Beyond this, views diverge on important design elements of a fair and effective verification regime.

## Measurement, Reporting and Verification of Support

Article 12.3 of the Climate Convention places an onus on countries included in Annex II to report “support” for mitigation actions by developing countries (see Box 2 for a definition of support), yet specific verification procedures are scarce. Ill-defined obligations have historically resulted in inconsistent verification of the support provided by developed countries (Fransen, 2009). An enhanced international framework to measure, report and verify the provision of support can build developing countries’ confidence that they will receive new, additional, predictable and adequate support for their actions. It should also build on, improve and clarify existing reporting requirements placed on developed countries and incentivize them to deliver substantial support in a transparent and accountable manner.

### Box 2. Definition of “Support”

The Bali Action Plan states that mitigation actions by developing countries should be “supported and enabled by technology, financing and capacity-building, in a measurable, reportable and verifiable manner.” In its broadest sense, support applies to both the mitigation and adaptation actions of developing countries and is generated by developed countries included in Annex II to the Climate Convention. Grounded in Articles 4.3, 4.4 and 4.5 of the Climate Convention, the Bali Action Plan spells out the elements of “enhanced action on the provision of financial resources and investment to support action on mitigation and adaptation and technology cooperation...”

Such elements include:

- “(i) Improved access to adequate, predictable and sustainable financial resources and financial and technical support, and the provision of new and additional resources, including official and concessional funding for developing country Parties;
- (ii) Positive incentives for developing country Parties for the enhanced implementation of national mitigation strategies and adaptation action;
- (iii) Innovative means of funding to assist developing country Parties that are particularly vulnerable to the adverse impacts of climate change in meeting the cost of adaptation;
- (iv) Means to incentivize the implementation of adaptation actions on the basis of sustainable development policies;
- (v) Mobilization of public- and private-sector funding and investment, including facilitation of carbon-friendly investment choices;
- (vi) Financial and technical support for capacity-building in the assessment of the costs of adaptation in developing countries, in particular the most vulnerable ones, to aid in determining their financial needs.”

## National Climate Action Plans

In its recent submissions to the UNFCCC, the European Union has proposed that developing countries formulate “low-carbon development strategies” to frame their NAMAs and define their contribution to the global mitigation effort. This is not a completely new idea. References to national-level climate planning can be found in Article 4.1(b) of the Climate Convention, which calls upon Parties to “formulate, implement, publish and regularly update national and, where appropriate, regional programmes containing measures to mitigate climate change.” National-level planning on climate change can carry several benefits, including more coherent, coordinated and effective domestic policies on climate change, enhanced country ownership of projects and policies supported internationally and greater accountability surrounding the pledges of partnering countries. Understanding these benefits, a growing number of developing countries have drafted, adopted and, in some cases, started implementing national climate action plans (Fransen et al., 2008).

The Bali Action Plan calls for “mitigation actions by developing country Parties *in the context of sustainable development*, supported and enabled by technology, financing and capacity-building, in a measurable, reportable and verifiable manner (italics added).” Climate action plans may therefore also play a role in allowing developing countries to articulate, in a bottom-up fashion, their national development priorities, in line with the principles of the UNFCCC.

As the concept of national climate action plans is further developed, an explicit link or division of roles needs to be drawn between these national plans, national or sectoral GHG inventories and the registry discussed above. Some proposals for a registry stem from an observation of the limitations of the UNFCCC’s current reporting structures, including the process for producing national communications. Among other shortfalls, national communications do not allow for sufficient recognition of mitigation actions taken by developing countries.<sup>2</sup> The registry, along with the call for bottom-up national climate actions plans and potential inventories, aims to fill this gap.

A growing list of developed and developing countries have referenced or called for such plans in their proposals to the UNFCCC. Yet it remains unclear whether the various terms countries use when they discuss national climate action planning refer to the same need and concept. In addition, little attention has been paid to the operational elements of such planning.

<sup>2</sup> For an analysis of the limitations of the national communications process and the reforms necessary to meet the MRV needs of a future climate agreement, see Fransen, 2009.

## SECTION III. National Positions on Key MRV Questions and Summary of Major Findings

### Key to Reading Diagrams

The diagrams in this section map the positions of various Parties to the UNFCCC on the main questions associated with the design of a registry, the establishment of a verification regime for post-2012 mitigation actions, the measuring, reporting and verification of support and the operationalization of the concept of a national climate action plan. The content of these diagrams has been shaped by proposals put forth by the Parties themselves. Alternative visions or options thus far not stated by Parties are presented in the summary tables in the column titled *Gaps and Recommendations*.

The diagrams should be read from the center to the extremities, using the following keys:

- Branches** introduce components of a particular concept.
- China** Country positions are marked in **red**
- ▲ Blue triangles** represent mutually exclusive options.
- ⊙ Question marks** indicate important points that have received little consideration from Parties thus far.
- ◆ Yellow diamonds** denote an issue on which countries have expressed many varied and sometimes divergent views that need to be reconciled.
- ✓ Green check marks** signal an area of convergence among parties.

# Governance structure

Governed by UNFCCC

Indonesia, AOSIS, India, Qatar, Saudi Arabia<sup>vii</sup>, Bangladesh

## Proposed bodies

Algeria for African Group, India

Only supported actions

Unilateral vs. supported actions

Unilateral and supported actions

Korea, South Africa, Singapore

NAI vs. AI (Action vs. commitment)

Brazil, Korea, Lichenstein, Monaco, South Africa, Switzerland

NAI parties only

Australia<sup>viii</sup>, Canada<sup>ix</sup>, Indonesia, USA

All parties

Individual actions

Sets of actions or programs

National action plans

Individual actions vs. group of actions

SD-PAMs

REDD

Forest Activities

Current or reformed CDM

No-loss sectoral crediting

baselines

Brazil, China, Costa Rica, El Salvador, Honduras, India, Korea, Nicaragua, Panama, South Africa

Support needed / cost

Mitigation benefits

Sustainable development benefits

Technology requirements

Positive/negative impacts

Timeframe

Legal character

Assumptions and methodologies underpinning the proposed action

South Africa

# REGISTRY

## Functions of the registry

- Purely a compilation of NAMAs
- Links actions to support
- Review low carbon strategies

- Registry
- Register
- Linked to Finance Mechanism proposed by G77
- Support and Accreditation mechanism
- Coordinating mechanism and a registry
- Technical Panel to review assumption underlying proposed action and support requested
- Role for technology bodies?

- Brazil, EU, Korea, Lichenstein, Monaco, South Africa, Switzerland
- India, South Africa
- China, South Africa
- Saudi Arabia
- EU
- South Africa

- Role for Subsidiary Body for Development and Transfer of Technology? China
- Role for multilateral technology fund? China, Antigua (G77 and China)
- Allocation of resources based on advice of advisory group for sectoral tech cooperation Japan

## Action type

## What gets registered

## Matching actions with support (which criteria?)<sup>viii</sup>

- GHG benefit
- Cost
- Type of action
- Developing country priorities
- Capacity

- Level of mitigation effort depends on type and level of support
  - Registry only supports actions that generate direct emissions reductions
  - Ambition
  - EU
  - Norway
  - Ensure environmental integrity
  - Cost effective mitigation
  - EU, Norway, USA
- Level and type of support depends on type of action
  - Highest priority action
  - USA
- Host developing country party selects the most appropriate financial resources
  - Based on Low Carbon Development Strategy
  - EU, Norway
- Level and type of support dependent on national capabilities
- USA

## KEY TO DIAGRAM

- China
- Blue triangles
- Question marks

- Branches introduce components of a particular concept.
- Country positions are marked in red
- Blue triangles represent mutually exclusive options.
- Question marks indicate important points that have received little consideration from Parties thus far.

- Yellow diamonds denote an issue on which countries have expressed many varied and sometimes divergent views that need to be reconciled.
- Green check marks signal an area of convergence among parties.

<sup>i</sup> an "appendix" to the agreement would list all countries  
<sup>ii</sup> "schedules" would be adopted as annexes to the treaty  
<sup>iii</sup> proposes that the matching of actions and support be done through an agreement between "proposer developing country" and the finance mechanism  
<sup>iv</sup> request-offer or offer-review model  
<sup>v</sup> to ensure sufficient level of ambition  
<sup>vi</sup> incentive mechanism for NAMAs  
<sup>vii</sup> information here was extracted from proposals in which countries gave an indication of the way they foresaw actions and support being matched. Some of those statements were not made in the context of a call for a registry. The branch on "proposed bodies" is the one that shows which bodies have been called for by which Parties.  
<sup>viii</sup> Support and Accreditation Mechanism (SAM)

## SUMMARY OF MAJOR FINDINGS: REGISTRY

### CONVERGENCE

- Beyond a simple compilation of NAMAs, most countries view the registry as a mechanism to link actions to support.
- A majority of Parties favor the establishment of a multilateral body that would link actions with support according to internationally agreed-upon criteria, rather than a more bilateral and donor-driven process that could lead to “cherry picking.”<sup>3</sup>

### DIVERGENCE

- A variety of proposals exist for the characteristics of a given NAMA that should be registered. The elements suggested tend to serve two main purposes: (1) to assess a NAMA’s potential to contribute to the global mitigation effort, and (2) to facilitate its matching with support.
- While few countries have spoken specifically on this issue, there is an emerging tension between countries that view the registry as an entity that would only list actions from developing countries, and those that believe it could also include commitments and actions from developed countries.

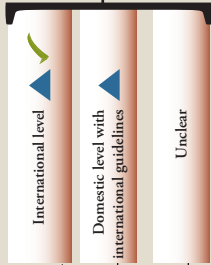
### GAPS AND RECOMMENDATIONS

- The EU proposed that the registry also serve the function of reviewing proposed “low carbon development strategies” (or other similar climate planning vehicles) to make them as ambitious as possible. South Africa proposed that a Technical Panel review the economic assumptions underpinning the proposed actions and the support requested. Would the registry or another international body vet the climate action plans or only provide guidance? If the former, this should be done in a way that respects implementing-country ownership, sovereignty and existing national plans. Other countries have not yet stated their positions on these proposed functions.
- Few parties have expressed a view on the governance structure of the registry. Developing countries have argued that it should be governed by the UN-FCCC.
- A related question is that of the role of the registry compared to a post-2012 financing mechanism. Is the registry, as the Indian delegation put it, the “NAMAs window of a financial mechanism”<sup>4</sup> or are the registry and financing mechanism distinct?
- Discussions around the registry should be closely tied to those on the limitations and future of the national communications process. An underlying assumption for some parties is that a registry would replace the national communications process while filling some of its gaps.

<sup>3</sup> Concerns have been raised by several developing countries over the risk of developed countries having the authority to pick and choose which NAMAs to support. This could run contrary to the principle that NAMAs be proposed by developing countries and introduces a level of uncertainty and delay of support that may conflict with the principle that NAMAs are “enabled” by support.

<sup>4</sup> This phrase was used by a representative of the Indian delegation in a session of the Ad-Hoc Working Group on Long-Term Cooperative Action in Bonn in April 2009. It was not made in the context of an Indian endorsement of this vision.

Algeria for African Group, AOSIS, Brazil, Indonesia, Norway, New Zealand, Senegal, Singapore, South Africa, USA



Who verifies?

Verify what?

New Zealand, USA, Norway, Indonesia

Algeria for African Group, Korea, Senegal, Singapore, South Africa

AOSIS, Argentina, Bangladesh, Brazil, India

# VERIFICATION



Gradation of requirements (how strict)

Along type of support

Unilateral vs. supported action

Algeria for African Group, Australia, New Zealand, Korea, South Africa

AOSIS, Argentina, Bangladesh, Brazil, India

Along country

Developed/developing country

Australia, Canada, Indonesia, USA

Brazil, China<sup>i</sup>, Ecuador, India<sup>ii</sup>, Norway<sup>iii</sup>, South Africa<sup>iv</sup>

Other economic or GHG indicator

Less strict for A1 countries undergoing transition to market economy

Japan

Guyana

## KEY TO DIAGRAM

Branches introduce components of a particular concept.

Country positions are marked in red

Blue triangles represent mutually exclusive options.

Yellow diamonds denote an issue on which countries have expressed many varied and sometimes divergent views that need to be reconciled.

Green check marks signal an area of convergence among parties.

<sup>i</sup> "with agreed methodology" for supported actions compliance for developed countries

<sup>ii</sup> compliance for A1 countries

<sup>iii</sup> KP Rules, National GHG inventory for A1 countries

<sup>iv</sup> supported actions "could be subject to MRV procedures agreed upon between developed and developing countries". "The MRV could be mandatory and be based on certain criteria for evaluation."

## SUMMARY OF MAJOR FINDINGS: VERIFICATION

### CONVERGENCE

- Agreement seems to be emerging on the principle that NAMAs receiving support should undergo international verification. China is the only country, based on their April 2009 submission, in favor of domestic MRV of supported NAMAs under the guidance of the UNFCCC.

### DIVERGENCE

- Parties diverge on whether verification requirements should vary depending on which country is undertaking an action. Most countries argue that developed countries should fulfill stricter verification requirements than their counterparts in the developing world. However, the United States, Australia, Canada and Indonesia stand out by arguing for similar verification processes for all Parties. It seems that this latter group of countries might favor a gradation of requirements by type of action rather than by country.
- Views contrast sharply on whether unilateral actions undertaken by a country should undergo some form of verification. Two points are worthy of interest: the split of views does not fall along developing and developed country lines. In addition, the countries opposing any form of verification for unilateral actions nonetheless call for international “recognition” of these actions in some way.
- In addition, in the case of unilateral actions, views diverge on the level at which (national or international) verification should take place.

### GAPS AND RECOMMENDATIONS

- What should be subject to verification is unclear. Current statements on this matter speak to varied points: the implementation of actions and policies in some cases (quantified emission limitation and reduction objectives, national action plans), and the impacts of actions in others (negative/positive and GHG impact).
- Additional criteria may be considered in creating a gradation of verification requirements: should actions undergo different levels of verification depending on their cost, nature, legal character, or the scale of the GHG mitigation at stake? In addition, does the cost and ease of the verification process itself impact the level of scrutiny? For example, should actions that can be verified at a lower cost be verified more frequently, and perhaps even encouraged as NAMAs?
- Consideration should be given to existing in-country reporting and verification structures in order to best leverage existing capacity in the context of a new or revised international system.
- What features of a new international verification system would enhance trust and cooperation among parties? What lessons might we draw from international review mechanisms in other fora, such as the trade and arms control regimes?

Antigua for G77&China, China, India, Malaysia, South Africa

UNFCCC only

UNFCCC + Non-UNFCCC funds

Mexico

Australia, EU, Japan, Micronesia, New Zealand, South Africa<sup>ii</sup>, USA, Zambia<sup>iii</sup>

Developed countries/Annex II

Beyond Annex II

Argentina, Brazil, China, Ecuador, India, Philippines, South Africa,

AOSIS, Mexico, Norway, New Zealand

Criteria for acceptable support

# MRV OF SUPPORT

Indicators for support delivery

Who verifies

- International body<sup>iv</sup>
- Independent body
- Current reporting systems (including National Communications)
- Role of the Technology Mechanism's verification component
- Panel under Executive Board of technology mechanism
- Executive Board of the financial mechanism

Antigua for G77&China, AOSIS, Bangladesh<sup>v</sup>, South Africa

Costa Rica, El Salvador, Honduras, Nicaragua, Panama

Algeria for African Group, Australia, South Africa

Antigua for G77&China, Argentina, Cuba

China, Columbia, Cuba, India

India

Finance

Technology transfer

Capacity building

Allocation and transfer above ODA

Indicators developed by SBSTA and SBI

Indicators to be established by review of capacity building framework

South Africa

South Africa

South Africa

## KEY TO DIAGRAM

- Branches** introduce components of a particular concept.
- Country positions** are marked in **red**.
- Blue triangles** represent mutually exclusive options.
- Question marks** indicate important points that have received little consideration from Parties thus far.
- Yellow diamonds** denote an issue on which countries have expressed many varied and sometimes divergent views that need to be reconciled.
- Green check marks** signal an area of convergence among parties.

<sup>i</sup> MRV support within the convention and monitor/outside activities

<sup>ii</sup> if in conformity with principles of Convention

<sup>iii</sup> "count investment as part of MRV finance (but not credit toward QERCs)"

<sup>iv</sup> includes countries that see the registry as the primary tool to report and verify support monitoring mechanism as part of a compliance mechanism

## SUMMARY OF MAJOR FINDINGS: MRV SUPPORT

### CONVERGENCE

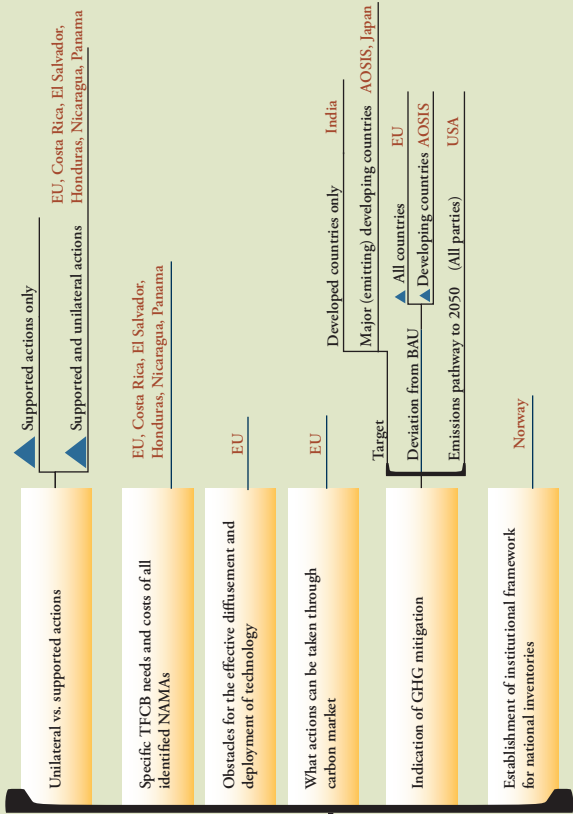
- The principle that developing countries should be supported by developed countries in carrying out mitigation actions is unanimously recognized. Interestingly, a few Parties have recently suggested that developing countries too might contribute support. Mexico, for instance, suggested that a “Green Fund” could be financed by both developed and developing nations. Opportunities for South-South and even South-North collaboration could be maximized while ensuring that any support structure and obligations respect the principle of CBDR-RC. The Global Fund for AIDS, Tuberculosis and Malaria provides an interesting example of the dual relationship that developing countries can have with a global financing mechanism, both as donors and recipients.

### DIVERGENCE

- Developed and developing countries almost align as blocks when it comes to the issue of whether non-UNFCCC funding constitutes an appropriate source of climate finance.
- Breaking this divide are Zambia and Micronesia, which state that non-UNFCCC funding could be acceptable if it is granted in accordance with the principles of the Convention. South Africa pointed to the important potential role of private investment for climate finance.

### GAPS AND RECOMMENDATIONS

- Little discussion has taken place over what processes or bodies would measure and report support. Experience from the Kyoto Protocol shows that clear treaty obligations in terms of (1) the nature of support and (2) the way in which contributions are reported are essential to guarantee adequate delivery of support.
- If developing countries too are to provide support in the form of technology, finance and capacity building, would such contributions be voluntary or required and would such expectations be placed on all or only some developing countries?
- No opinions have been voiced on when or how the support should be verified: at the generation stage (donor agency); when the funds are being collected by the governing authority; or when the money is being collected by the recipient country? South Africa is the only country to have expressed views on the specific indicators that should be used to verify the delivery of support.
- The appropriateness of support is currently framed in terms of institutional ownership. Greater clarity on the principles that should govern the generation, management and use of the might unlock this political knot. In addition, little consideration has been given to the criteria that could ensure the adequacy of financial, capacity building and technology support.
- Mexico states that support should reflect developing country priorities. Could the appropriateness of support be based on the extent to which it meets developing country needs? Could a national climate plan serve as the vehicle by which country priorities are identified and donors held accountable for funding these activities?

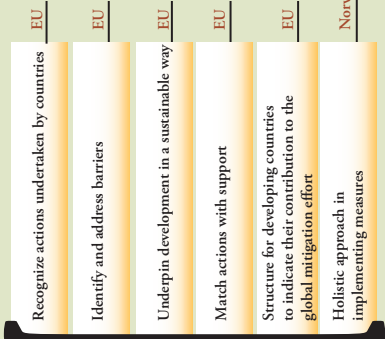


**Mention?**

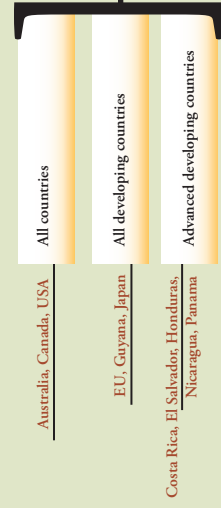


**NATIONAL CLIMATE ACTION PLANS**

**? Role of plans**



**? Formulated by which countries?**



**KEY TO DIAGRAM**

- Branches** introduce components of a particular concept.
- China** Country positions are marked in **red**
- Blue triangles** represent mutually exclusive options.
- Question marks** indicate important points that have received little consideration from Parties thus far.
- Yellow diamonds** denote an issue on which countries have expressed many varied and sometimes divergent views that need to be reconciled.
- Green check marks** signal an area of convergence among parties.

## SUMMARY OF MAJOR FINDINGS: NATIONAL CLIMATE ACTION PLANS

### CONVERGENCE

- Several countries refer to a national-level instrument for the planning of action on climate change. While names vary for this instrument, a common need may have been identified.

### DIVERGENCE

- Greater clarity is needed on whether the many names coined for this instrument refer to the same concept and need.

### GAPS AND RECOMMENDATIONS

- Few countries have explained what such climate action plans should include and the views that have been expressed remain diverse.
- Would climate action plans be required of all countries? How would existing national plans fit in this architecture?
- Many countries have not spoken of the idea of the standardization of climate action plans. Are they opposed to it? Would they support a variation of it?
- It needs to be articulated how climate action plans would complement or interact with other climate and development planning tools such as NAMAs, existing national climate action plans, NAPAs, TNAs, TNAs, Poverty Reduction Strategy Papers and the Readiness Plans of the Forest Carbon Partnership Facility of the World Bank. It is also important to learn from the lessons of earlier development planning (PRSPs in particular).
- As in the case of the registry, the creation of new climate action planning and reporting tools should be done in coordination with the reform of the national communications process.
- Countries can articulate their vision of sustainable development through national climate plans.
- Sovereignty concerns need to be alleviated and the demand-driven nature of the support allocation process guaranteed if national climate plans are to be subject to review or if their drafting is done in accordance with internationally agreed-upon guidelines.
- Some countries have indicated which actions should be included in the climate plans. Is it useful to establish a finite list of eligible actions (NAMAs) or should the focus turn instead to the characteristics of such NAMAs (for example, estimated cost and GHG benefit, or legal character) in order to allow countries to innovatively and in a bottom-up fashion propose actions? Secondly, does such characterization and selection take place in the registry, the financial mechanism or in some other way?

## Section IV. Recommendations

The negotiations in the weeks and months ahead should focus on the following elements:

- *How should supported actions be verified? Will unilateral (unsupported) actions be subject to a verification process as well?* While the need to measure, report and verify supported actions is unanimously recognized, countries' views diverge on whether unilateral actions should undergo some level—perhaps a less stringent level—of MRV. Parties need to decide what gets verified and what does not. The first question to address is the level of support, when minimal, that would trigger MRV. Secondly, a flexible MRV framework that preserves implementing countries' sovereignty thanks to varying levels of requirements may be able to accommodate developing countries' interest in receiving international recognition for unsupported domestic actions, particularly those that are high cost and have been financed through domestic resources. Several Parties have recently hinted at a gradation of MRV requirements based on types of actions rather than based on the proposing country; this approach is worth investigating for its potential to incentivize more ambitious GHG reduction efforts.
- *What role should the registry play and what obligations should it capture?* If the registry is a mechanism that links actions to support, what characteristics of mitigation actions need to be listed in order for an action to enter a prospective registry? In addition, should the registry only include developing country NAMAs, or should it also include developed country commitments and actions? If the latter, it is important to maintain a gradation of mitigation and MRV requirements based on the principle of "common but differentiated responsibilities." A single instrument may be ill-suited to cover all needs. It is important to clarify how such a registry would relate to GHG inventories, which are important for a system of global accounting of GHG mitigation efforts. In addition, if the registry plays a financial function, its role in relation to other institutions in a post-2012 financial architecture needs to be clarified.
- *Who will govern the registry?* All views expressed so far converge on a UNFCCC-governed entity but it is hard to draw any conclusions, as many countries have remained silent on this issue. In particular, developed countries have generally resisted the view that financial instruments—if the registry is indeed a financial instrument—should be under the Convention.
- *What principles should govern the generation and delivery of finance?* Such internationally agreed-upon principles can inform a discussion on ways to ensure predictable, new, additional and adequate support for NAMAs.
- *What should be the role, modalities and content of national climate action plans?* Parties should specify the precise scope of the plans and explain how they would complement other national climate and development planning tools. In addition, sovereignty concerns need to be alleviated and the demand-driven nature of the support allocation process needs to be guaranteed if national climate plans are to be subject to review or if their drafting is to be done in accordance with internationally agreed guidelines.

In doing so, we recommend that Parties:

- *Consider additional criteria to establish a gradation of MRV requirements.* Such gradation could be based on (a) the type of action undertaken and (b) the ease and cost of verification itself.
- *Build reporting structures and indicators on existing domestic systems.* Doing so will make the new requirements more effective and politically acceptable. For example, the reporting and verification obligations embedded in the Chinese bureaucratic system at the provincial and state level enable cross-checking of data and the production of peer-reviewed policies and results (Fei et al, 2009). An international verification regime could enhance such national structures and build capacity as needed.
- *Set up clear treaty obligations for the provision and reporting of support.* The nature of the support provided should be clarified as well as the ways in which provision of that support should be reported and verified internationally. In addition, it needs to be determined whether certain developing countries should also provide technology, finance and capacity building support. Opportunities for South-South and even South-North collaboration should be maximized while ensuring that any support structure and obligations respect the principle of CBDR-RC.
- *Focus on delineating the characteristics of acceptable NAMAs (such as mitigation benefits, cost and timeframe) rather than types of acceptable actions.* Doing this would enable countries to propose innovative, nationally specific actions in the future while meeting environmental integrity requirements.

## Section V. Conclusion

Ambitious, real and lasting mitigation actions and commitments from developed and developing countries are the prerequisites for stabilizing GHG concentrations at safe levels. At the same time, a comprehensive framework to measure, report and verify actions and support should balance this scientific mandate with the principle of “common but differentiated responsibilities and respective capabilities.” Parties largely converge on this dual requirement by seeking to build robust MRV systems to hold Parties accountable for their respective responsibilities and by attempting to share the burden of mitigation, support and verification according to the historic responsibilities and economic capabilities of countries.

Beneath these general principles, the operational aspects of an MRV framework have either garnered scarce attention or constitute a source of discord. The limited time remaining before the 15th Conference of the Parties to the UNFCCC in December 2009 in Copenhagen requires Parties and observers to focus on the pressing questions outlined in this paper. Most of them are politically sensitive and technically challenging. They require immediate attention in order to be tackled appropriately and in a way that is acceptable to all Parties. While the choices before us are difficult, it is possible to build on existing metrics and reporting requirements at the national and international level. In addition, past experience from verification regimes in other arenas can yield lessons for setting an effective and fair platform for mitigation efforts from all countries.

## References

- Breidenich, C. & Daniel Bodansky (2009). *Measurement, Reporting and Verification in a post-2012 Climate Agreement*. Washington D.C.: Pew Center on Global Climate Change.
- Ellis, J. & Sara Moarif (2009). GHG Mitigation Actions: MRV issues and Option. Paris’ OECD.
- Fei Teng, Yu Wand, Alun Gu Ruina Xu, Hilary McMahon, Deborah Seligsohn (2009) *Mitigation Actions in China: Measurement, Reporting and Verification*. WRI Working Paper. Washington, DC: World Resources Institute.
- Fransen, T. (2009) (Draft) *National Communications & Inventories: Enhancing Today’s MRV Framework to Meet Tomorrow’s Needs*. WRI working paper. Washington, DC: World Resources Institute.
- Fransen T., H. McMahon and S. Nakhooda (2008). *Measuring the Way to a New Global Climate Agreement*. World Resources Institute Discussion Paper. Washington, DC: World Resources Institute.
- United Nations (2009). “Focus Documents by the Chair of the AWG-LCA”. Fulfillment of the Bali Action Plan and components of the agreed outcome. Note by the Chair. 18 March 2009. Bonn.
- United Nations (2007) *Bali Action Plan: Decision 1/CP.13*. New York City. Retrieved 11 May 2009 from: <http://unfccc.int/documentation/decisions/items/3597.php?such=j&volltext=/CP.13#beg>
- United Nations (1998). Kyoto Protocol to the United Nations Framework Convention on Climate Change. New York City. Retrieved 21 May 2009 from: <http://unfccc.int/resource/docs/convkp/kpeng.pdf>
- United Nations (1992). United Nations Framework Convention on Climate Change. New York City. Retrieved 11 May 2009 from: [http://unfccc.int/essential\\_background/convention/background/items/2853.php](http://unfccc.int/essential_background/convention/background/items/2853.php)

## About WRI

The World Resources Institute is an environmental think tank that goes beyond research to create practical ways to protect the Earth and improve people's lives. Our mission is to move human society to live in ways that protect Earth's environment for current and future generations.

Our programs meet global challenges by using knowledge to catalyze public and private action:

- *To reverse damage to ecosystems.* We protect the capacity of ecosystems to sustain life and prosperity.
- *To expand participation in environmental decisions.* We collaborate with partners worldwide to increase people's access to information and influence over decisions about natural resources.
- *To avert dangerous climate change.* We promote public and private action to ensure a safe climate and sound world economy.
- *To increase prosperity while improving the environment.* We challenge the private sector to grow by improving environmental and community well-being.

In all of our policy research and work with institutions, WRI tries to build bridges between ideas and actions, meshing the insights of scientific research, economic and institutional analyses, and practical experiences with the need for open and participatory decision-making.



WORLD  
RESOURCES  
INSTITUTE

10 G Street, NE  
Washington, DC 20002  
[www.wri.org](http://www.wri.org)