SHAKTI SUSTAINABLE ENERGY FOUNDATION

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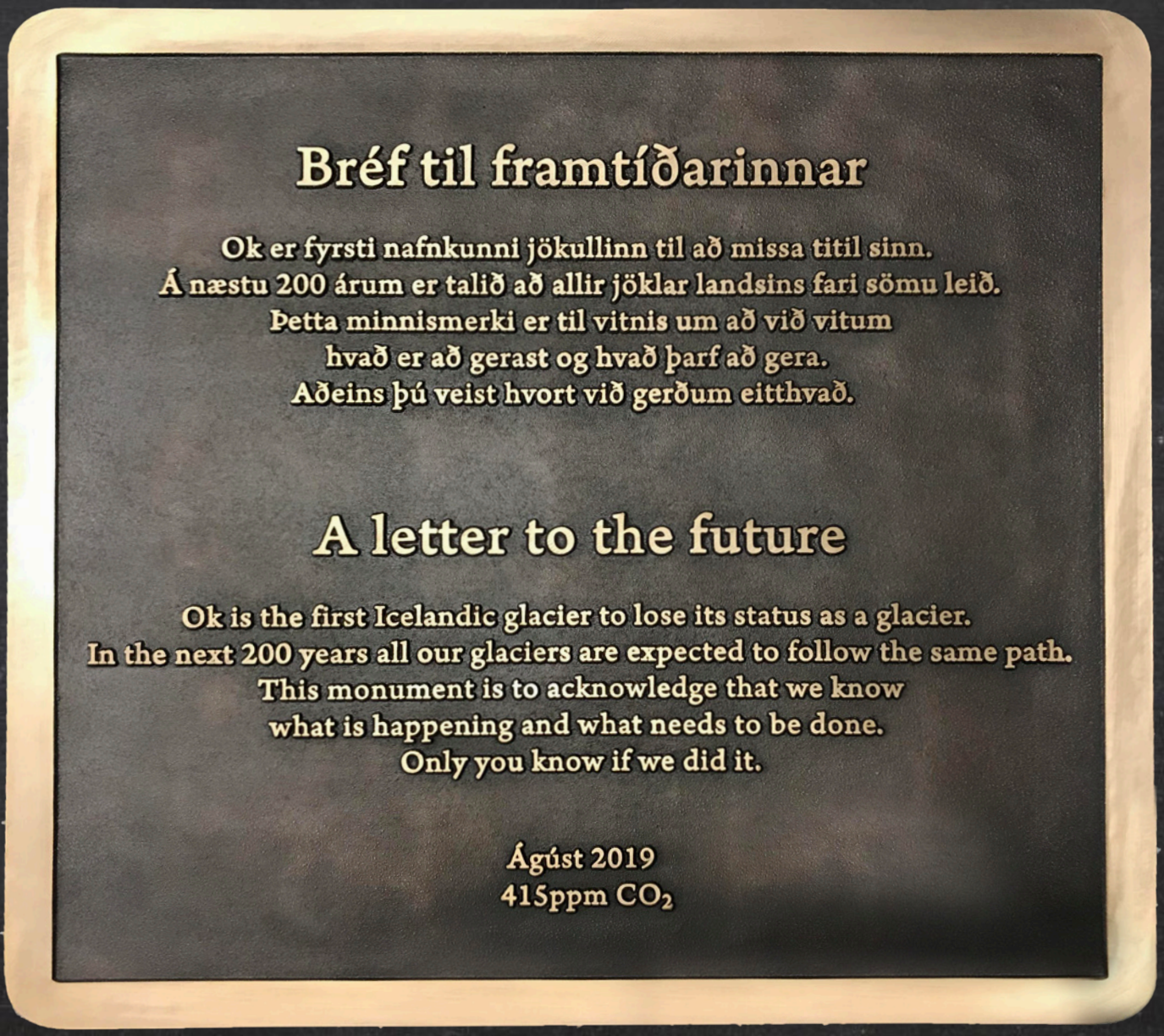
A Capacity Building Assessment Matrix for Enhanced Transparency in Climate Reporting

Summary | September 2019

Sumit Prasad and Vaibhav Gupta



The memorial for the former glacier Okjökull.
Words by Andri Snær Magnason. Photo by Grétar Thorvaldsson/Málmsteypan Hella.

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Acknowledgments

The authors would like to thank the Shakti Sustainable Energy Foundation (SSEF) for their support to carry out the study.

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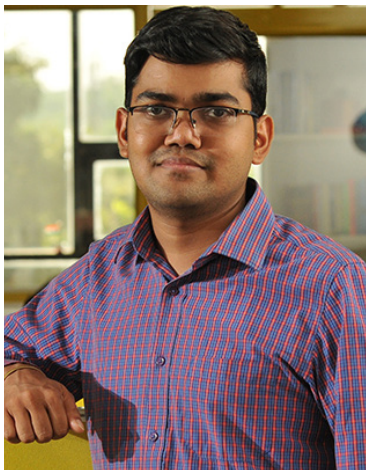
The authors



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Sumit is a policy researcher at the Council on Energy, Environment and Water. His research revolves around climate negotiations and governance where he addresses issues related to the enhanced transparency framework under the Paris Agreement, the measuring, reporting and verification (MRV) arrangement for climate actions, and associated capacity building aspects. Sumit holds an MBA in Business Sustainability from TERI SAS, New Delhi and an undergraduate degree in Electronics and Communication from the National Institute of Engineering, Mysore.

"Transparency is central to climate negotiations. It strengthens nations' trust in the UN process and promotes ambitious climate action. This study proposes an assessment tool with the help of which developing countries can identify their capacity constraints towards adopting the enhanced transparency framework under the Paris Agreement and avail flexibilities in rational manner."

Vaibhav Gupta
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Vaibhav, earlier with CEEW, is an environmental engineer and policy specialist, who examines and analyses the industry sector via the lens of climate change, energy and resource efficiency. Principles of circular economy and industrial symbiosis are his major research interests. An objective researcher, he is proficient in developing research frameworks, data driven analytics, and project management. Some of his research accomplishments include – development of a critical minerals resource framework for India's manufacturing sector; identification of strategic industries for Make in India; compiling energy and carbon emissions' inventory of India's manufacturing sector; and critical analysis of international climate governance from the perspective of India's capacity building for enhanced transparency in climate reporting. He holds a master's degree in environmental engineering from the Indian Institute of Technology (Indian School of Mines), Dhanbad.

"Climate change is a grave concern which becomes even more complex with governance and political challenges across economies. Capacity building of the developing world is of paramount importance to exhibit transparency in progress and outcomes and is critical to demonstrate mutual trust. This study provides an objective approach towards building the monitoring and reporting capacity of developing countries and measuring and tracking their progress against existing and emerging climate actions. I firmly believe that developing countries and the UNFCCC Secretariat would be able to derive immense value out of such research."

Contents

Tables

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Abbreviations

ACB-CT	area of capacity building for climate transparency
ADB	Asian Development Bank
AF	Adaptation Fund
BEE	Bureau of Energy Efficiency
BURs	Biennial Update Reports
CBAM	Capacity Building Assessment Matrix
CBDR-RC	Common but Differentiated Responsibility and Respective Capabilities
CBIT	Capacity-building Initiative for Transparency
CDM	Clean Development Mechanism
CERs	Certified emission reductions
CGE	Consultative Group of Experts
CMMACS	Centre for Mathematical Modelling and Computer Simulations
COP	Conference of the Parties
CSIR	Council for Scientific and Industrial Research
EESL	Energy Efficiency Services Limited
GCF	Green Climate Fund
GCOS	Global climate change observing systems
GEF	Global Environment Facility
GHG	greenhouse gas
GWP	global warming potential
IC	institutional capacity
ICA	international consultation and analysis
IPCC	Intergovernmental Panel on Climate Change
ISRO	Indian Space Research Organisation
ITMOs	Internationally transferred mitigation outcomes
KC	knowledge capacity
LULUCF	land use, land-use change, and forestry
M&E	monitoring and evaluation
MoEFCC	Ministry of Environment, Forest and Climate Change
MRV	measuring, reporting and verification
NAMAs	Nationally Appropriate Mitigation Actions
NAPCC	National Action Plan for Climate Change
NATCOM	National Communications
NCs	National circumstances
NDC	Nationally determined contributions
NEERI	National Environmental Engineering Research Institute
NIMS	National Inventory Management System
NIO	National Institute of Oceanography
NMSKCC	National Mission on Strategic Knowledge for Climate Change
NPL	National Physical Laboratory
PC	procedural capacity
QA	quality assurance
QC	quality control
SAPCC	State Action Plans on Climate Change
UNDP	United Nations Development Programme
UNFCCC	United Nations Framework Convention on Climate Change
V&A	vulnerability and adaptation

1. Abstract

The debate on climate change often centres on how countries are delivering on their promises, which has led to a renewed focus on climate transparency. Hence, the Paris Agreement introduced the "enhanced transparency framework", which was adopted at Katowice (COP24). These enhanced rules obligate developing countries (that are signatories to the Paris Agreement) to report more granular and accurate data in a timely manner compared to previously. In order to adhere to these reporting obligations, developing countries should strengthen institutions involved in this process and enhance their knowledge capacities.

But, at present, there is no comprehensive mechanism by which, developing countries can undertake need assessment, support assessment and also identify institutional barriers or knowledge gaps. The Council aims to bridge this gap by developing an assessment tool, the Capacity Building Assessment Matrix (CBAM), which would help in understanding nations' capacity for enhanced transparency. The outcomes of the assessment tool will highlight areas for which capacity already exists because of domestic resources; capacity that has been built with the help of the support received; capacity challenges that exist despite support being received (retention issues); and capacity challenges that have not been addressed or identified. This tool will also help in defining the flexibilities in transparency provisions that have been extended to developing countries, as well as in providing data for the technical review process under the enhanced transparency framework. Further, this tool will help donors and partners track capacity building efforts more effectively.

2. Background

On the one hand, the bottom-up architecture of the Paris Agreement offers all countries inherent flexibility to communicate their climate action plans or Nationally Determined Contributions (NDCs). On the other, it also necessitates that member countries adopt a top-down, robust transparency arrangement to monitor their progress. At Katowice (COP24), they adopted the much-deliberated enhanced transparency provisions. With this, the baseline of transparency guidelines moved from differentiation among the developed and developing countries to a common reporting and review format for all countries signatory to the Paris Agreement (UNFCCC, 2019 (a)). This means that developing countries that are signatory to the Agreement are obligated to report more granular and accurate data in a timely manner as a stipulation they never had earlier.

Such disclosure requires that developing countries have dedicated domestic institutions to track and monitor climate data regularly. The adopted guidelines, which now include biennial transparency reports and national inventory reports, also offer "flexibilities" to developing countries which are self-determined based on their capabilities[1].

In order to determine flexibility and formulate improvement plans, developing countries will have to establish their present capacities and identify constraints[2]. But at present, there is no comprehensive mechanism on the basis of which developing countries can undertake need and support assessment, and also identify capacity challenges or track progress on transparency related capacity development.

The Council aims to bridge this gap by developing an assessment tool, the Capacity Building Assessment Matrix (CBAM), to help understand capacity building efforts and constraints related to transparency within, and across, countries. The tool establishes a country's baseline capacity and focuses on understanding the gaps and mismatches between capacity building needs identified and the support received so far.

The outcomes of the assessment tool are aimed to help countries identify their capacity constraints and facilitate formulation of improvement plans. This would further help define flexibilities in the transparency provisions accorded to countries, and support inputs under the enhanced transparency framework within the international climate regime.

The outcomes of the assessment tool are aimed to help countries identify their capacity constraints and facilitate formulation of improvement plans. This would further help define flexibilities in the transparency provisions accorded to countries

1 Learn more about the context from the Introduction section of a consolidated report titled *A Capacity Building Assessment Matrix for Enhanced Transparency in Climate Reporting: A Comprehensive Evaluation of Indian Efforts*

2 For an in-depth analysis and overview of the differentiation factors, flexibilities offered, and the role of improvement plans, please refer to section *Introduction* in the report, *A Capacity Building Assessment Matrix for Enhanced Transparency in Climate Reporting: A Comprehensive Evaluation of Indian Efforts*

3. Methodology

The methodology adopted for the formulation of the CBAM involved the following steps (see figure 1):

STEP 1
Determining the capacity areas associated with climate reporting

In this step, we carried out an in-depth literature review to identify areas (scope) of climate reporting –inventory, mitigation, adaptation, NDC, support, and others – and best practices in terms of institutional, knowledge, and procedural capacity adopted by member countries. This is termed the area of capacity building for climate transparency (ACB-CT).

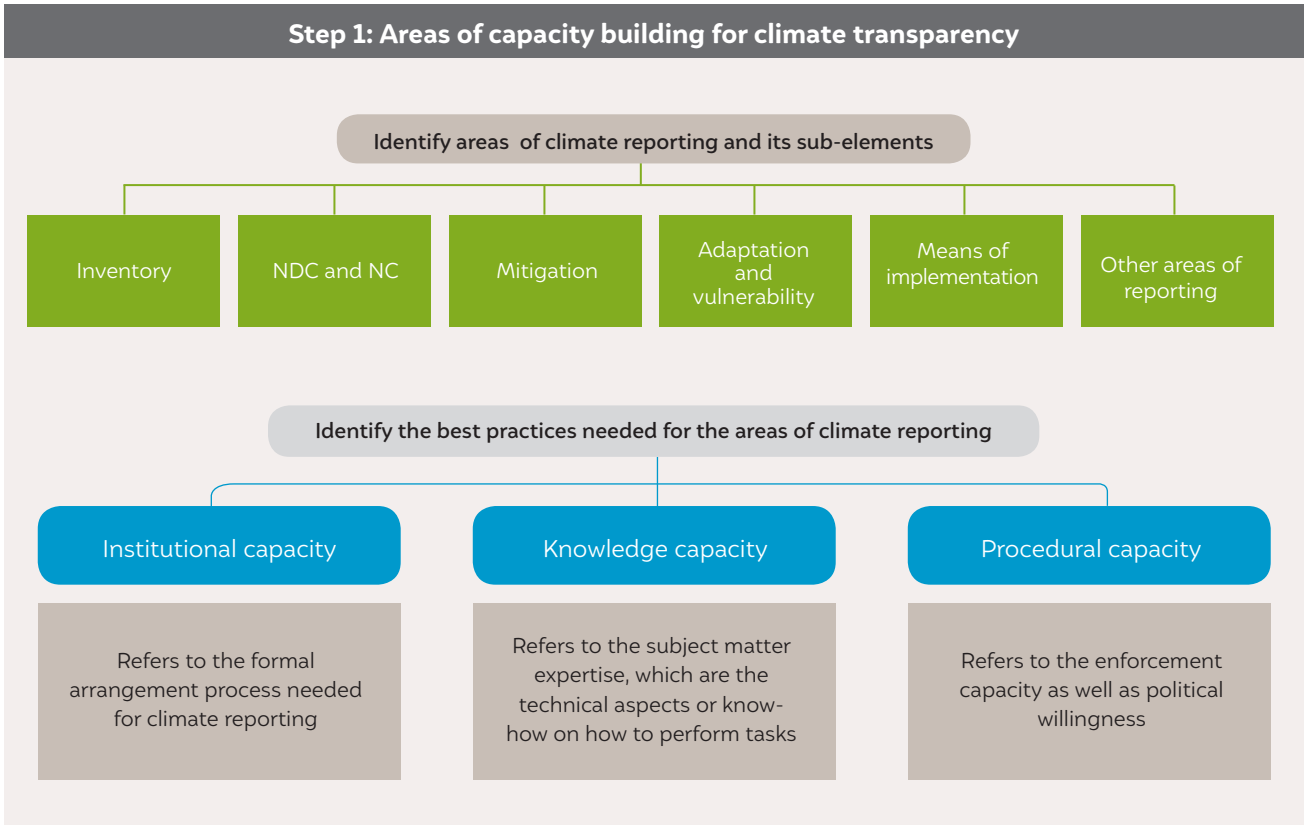
STEP 2
Formulating assessment procedures for:

i. **Capacity assessment**: The procedure to analyse capacity areas as high, moderate, and low levels and establish the present baseline capacity

ii. **Need assessment**: Procedures to identify capacity areas where needs were expressed by government historically

iii. **Support assessment**: Procedures to determine capacity areas that received financial and non-financial support

Figure 1: Block diagram of Capacity Building Assessment Matrix (CBAM)



Source: Authors' analysis

STEP 3
Integrating assessments

In this step, the outcomes of the three assessments are combined to determine the areas for which: (i) capacity already exists because of domestic resources; (ii) capacity has been built with the help of the support received; (iii) capacity challenges exist despite support being received (retention issues);, (iv) capacity need has not been addressed; and (v) capacity need has not been identified.

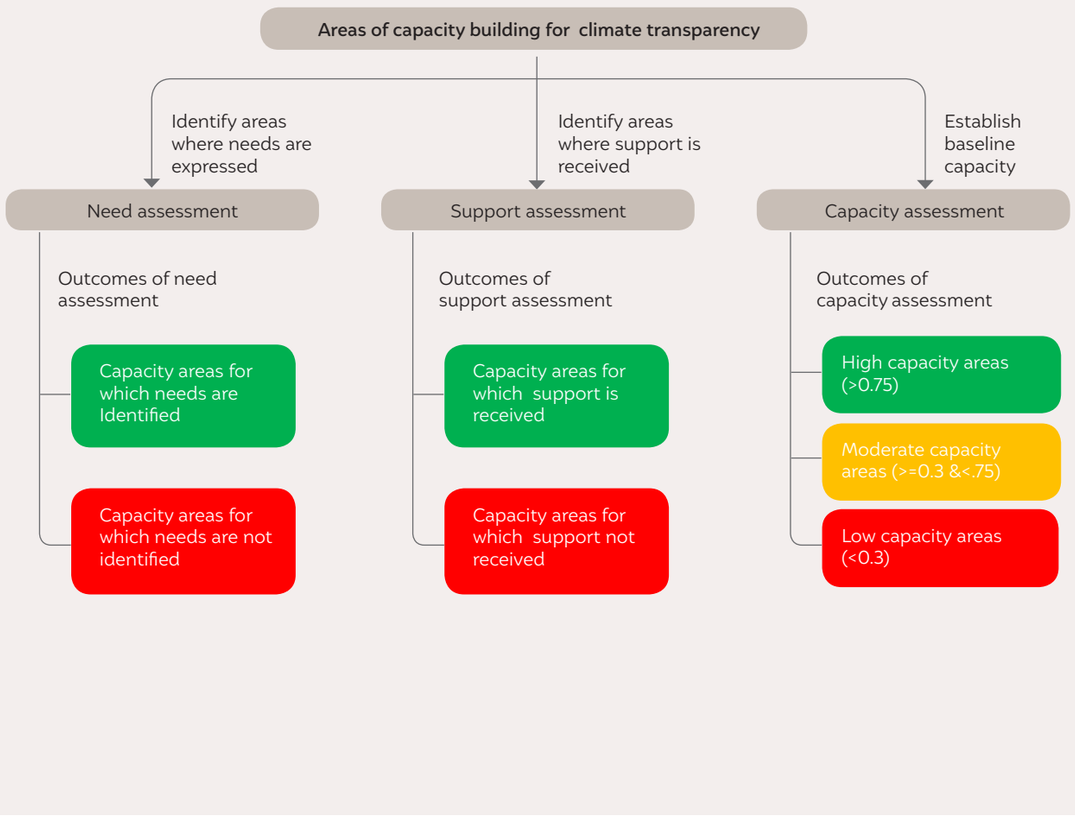
It is important to highlight that enhancing capacity building is a continuous, dynamic process and would have a consistently moving goal post. This means that the countries' requirements will evolve alongside enhancements in reporting obligations, and as their capacity levels continue to improve over time.

The areas of capacity building for climate transparency (ACB-CT), the three assessments, and their integrated analysis jointly led to the formulation of the CBAM (see figure 1). The evaluation of current capacity, and capacity need, and support assessment is undertaken through an excel model, where the results from each assessment are analysed together. These have been visually represented in the figure below, and the excel formulation can be accessed in The Council's flagship report on CBAM[3].

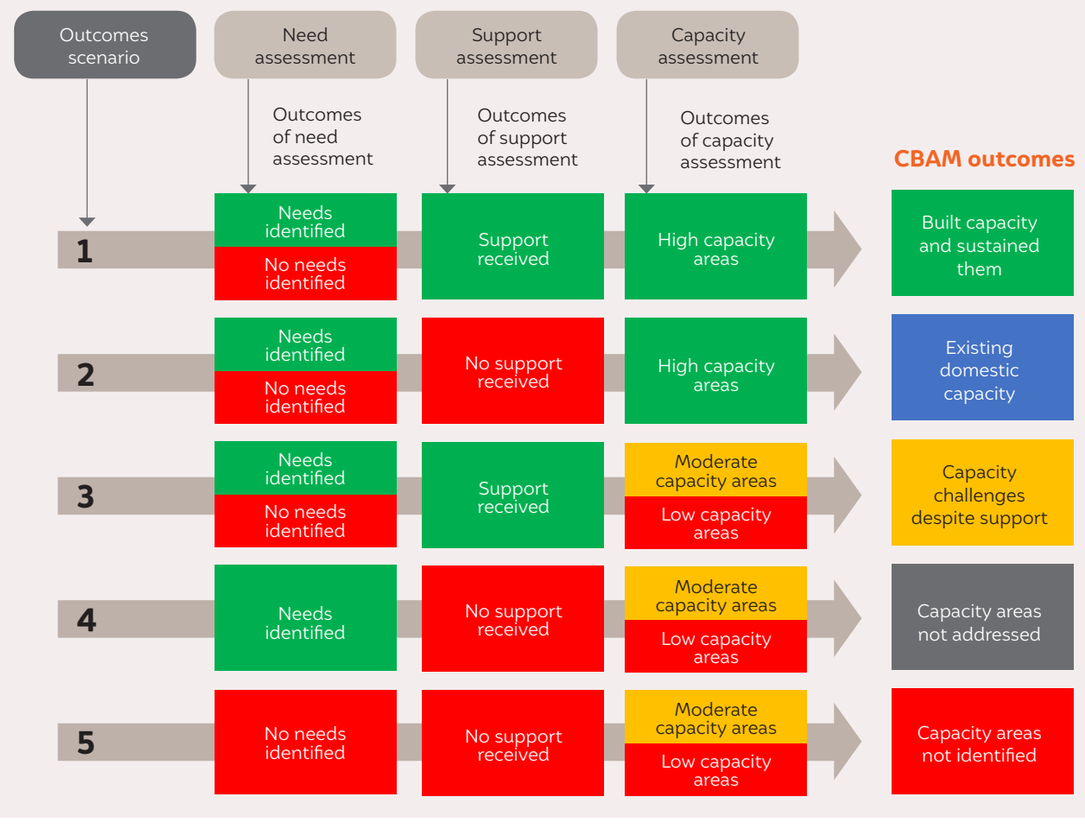
> **Enhancing capacity building is a continuous, dynamic process and would have a consistently moving goal post**

3 Report titled: *A Capacity Building Assessment Matrix for Enhanced Transparency in Climate Reporting: A Comprehensive Evaluation of Indian Efforts*, refer section on *Assessment methods*

Step 2: Assessments



Step 3: Integration (CBAM outcomes)



Positive outcomes | Moderate outcomes | Improvements required

Note: In the later section, each CBAM outcome follows the colour theme as assigned in this figure.

4. Areas of capacity building for climate transparency

Without a clear understanding of what type of capacity is needed, and to what end, there is a chance that inappropriate measures and actions will be initiated. Hence, it is essential to first establish what constitutes capacity for climate transparency.

The area of capacity building for climate transparency is ascertained by answering two questions:

i. What are the reporting elements and nested elements for climate transparency?

ii. What type of capacity, or domestic best practices, are necessary to adhere to these reporting provisions?

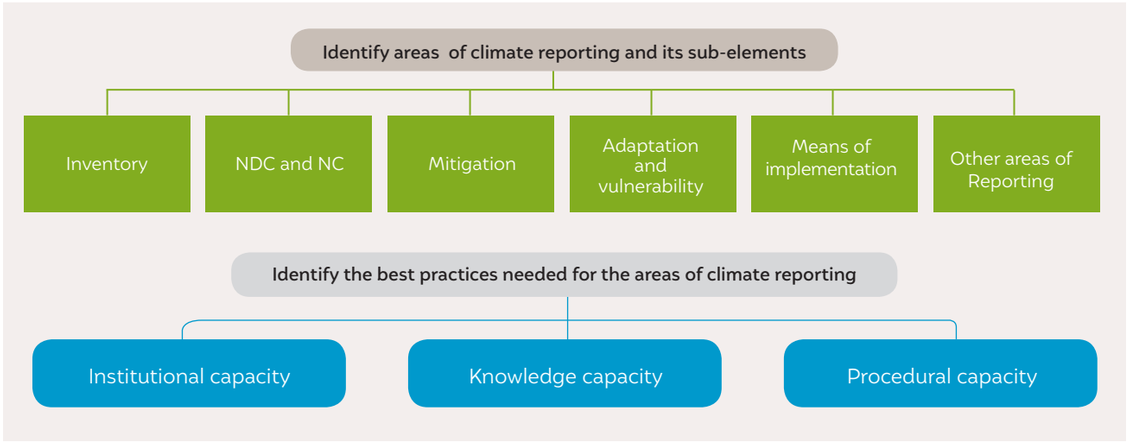
UNFCCC reporting guidelines (presently applicable to developing countries and enhanced transparency obligations adopted at COP24) and training modules prepared by Consultative Group of Experts (CGE) define the areas of reporting, its sub-reporting elements, and best practices. Areas of reporting and best practices jointly lead to the formulation of the ACB-CT[4]. Each element of the ACB-CT is termed a capacity indicator. The concept of best practices represents different aspects of capacity that any country should possess for these reporting areas[5]. These aspects of capacity can be categories into three buckets:

i. **Institutional capacity (IC)**: This refers to formal, domestic processes, such as the institutional structures, governance arrangements, and legal mandates, required for reporting on climate change-from GHG inventories to climate actions. Examples of these processes include mandating institutions to collect relevant data; ensuring formal procedures for MRV; regular engagement with stakeholders; and ensuring budgetary support to institutions.

ii. **Knowledge capacity (KC)**: This refers to an institution's technical know-how on performing specific tasks. Some examples are knowledge of relevant tools and templates for reporting, expertise with respect to modelling capabilities across sectors, and awareness about the procedures involved in the collection of data.

iii. **Procedural capacity (PC)**: This refers to the enforcement capacity, as well as political willingness, of the government to ensure transparent reporting on climate action and support. It is judged on the basis of a country's ability to meet its reporting obligations – for example, its ability to adhere to higher tiers of inventory reporting, and disclosure on the outcomes of MRV processes as well as the assumptions and methods adopted for reporting.

Figure 2: Area of capacity building for climate reporting



Source: Authors' analysis

4 For each area of reporting, CGE has developed a training module within which it identifies the capacity (in terms of best practices) which would be needed for the reporting that aspect.

5 Learn more about capacity aspects from the Areas of Capacity Building for Climate Transparency section of a consolidated report, *A Capacity Building Assessment Matrix for Enhanced Transparency in Climate Reporting: A Comprehensive Evaluation of Indian Efforts*, which is the formal citation for this study

The table below highlights the key capacity indicators across various areas of reporting and capacity frameworks. A detailed list of all the relevant capacity indicators and their sub-elements under ACB-CT can be accessed in the flagship report[6].

Table 1: Main capacity indicators across areas of reporting and capacity aspects

Areas of reporting	Institutional capacity indicators	Knowledge capacity indicators	Procedural capacity indicators
Inventory*	• National coordinating body • Presence of formal legal framework, including defined roles and responsibilities, procedures to internalise processes, formal approval processes, and flow of information	• IPCC Guidelines • Approach (methodology) – QA/QC, uncertainty analysis, key category analysis • Templates and tools	Disclosure on the following: • Institutional arrangement, QA/QC, key category analysis, and uncertainty and other sectoral analyses • Activity data, emission factors, and overall emission (major gases, F gases, and other gases)
Nationally determined contribution and national circumstances*	• Strong leadership (ministerial-level committees) • Formal arrangements for the implementation of the NDC (federal vs. state) • Stakeholder engagement processes • Models and approach – sensitivity analysis		Disclosures on the following: • National circumstances – general and sector-specific information • NDC – description (type, target), progress (quantitative, qualitative), and projection scenario
Mitigation*	• Formal arrangements – defined roles and responsibilities, procedures for mitigation assessment, stakeholder engagement processes, and budget allocation • Measuring reporting and verification – integrated and coordinated mechanisms, reporting and verification procedures, and linkages with NIMS and NAMAs	• Methodology and assumptions: tools and templates for MRV and modelling tools • Mitigation assessment: formulation of baseline and mitigation scenarios	Disclosures on the following: • Mitigation assessment outcomes, mitigation actions, and progress made • Short-term assessments and interaction of policies, CDM, and NAMAs
Adaptation and vulnerability**	• Formal arrangement – defined roles and responsibilities, procedures for adaptation, vulnerability and impact assessment, stakeholder engagement processes, and budget allocation • M&E – reporting and verification procedures	• Knowledge to conduct vulnerability, adaptation, and integrated assessments • Sector-specific models • Tools and templates for M&E • Metrics to quantify actions and measure effectiveness	Disclosures on the following: • Analysis of potential impact and vulnerability • Adaptation assessment outcomes • Adaptation actions, loss, and damage • Outcomes of M&E on adaptation actions
Means of implementation**	• Formal procedures • Identified roles and responsibilities • Provisions which ensures tracking the progress of support • Stakeholder engagement process • Guidelines, templates, definition, and concepts		Disclosure on the following information: • Constraints and gaps • Support required and received in the form of capacity building, finance, and technology transfer
Other areas of reporting**: systematic observation; research and education; training and awareness	• Systematic observation: presence of national focal points, establishment of systems and networks, international data centres, national programmes for essential climate variables, and procedures for the collection and sharing of climate data		Disclosure on the following information: • Systematic observation Information on current climate changes, information on atmospheric, oceanic, and terrestrial climate observing systems • Research undertaken • Educational and training activities

Note: * indicates mandatory reporting and ** indicates voluntary reporting for developing countries

Source: Authors' analysis

6 Report title: *A Capacity Building Assessment Matrix for Enhanced Transparency in Climate Reporting: A Comprehensive Evaluation of Indian Efforts*, please refer to sections on *Areas of capacity building for climate transparency*

5. Assessment procedures

It is important to examine capacity-building efforts, not just by analysing financial or technical support received, but also by reflecting on the outcomes and development of standalone systems that are capable of learning without constant hand-holding. In order to ascertain such capacity, there is a need for more clarity on the following aspects:

- What critical factors will help enhance capacity across multiple areas of required reporting?
- Did capacity-building efforts receive adequate support against the historical needs countries expressed?
- How have different support activities across various projects and timelines helped developing countries build capacity in reporting?
- What areas face issues with respect to capacity retention?

The assessment methods defined under CBAM aim to answer these questions. Additionally, it would facilitate the tracking of progress towards enhancing capacity and the formulation of improvement plans. It is important to note that expertise in the subject matter is critical to retrieve, validate, and justify its evaluation of these indicators to optimize the usage and functionality of this tool.

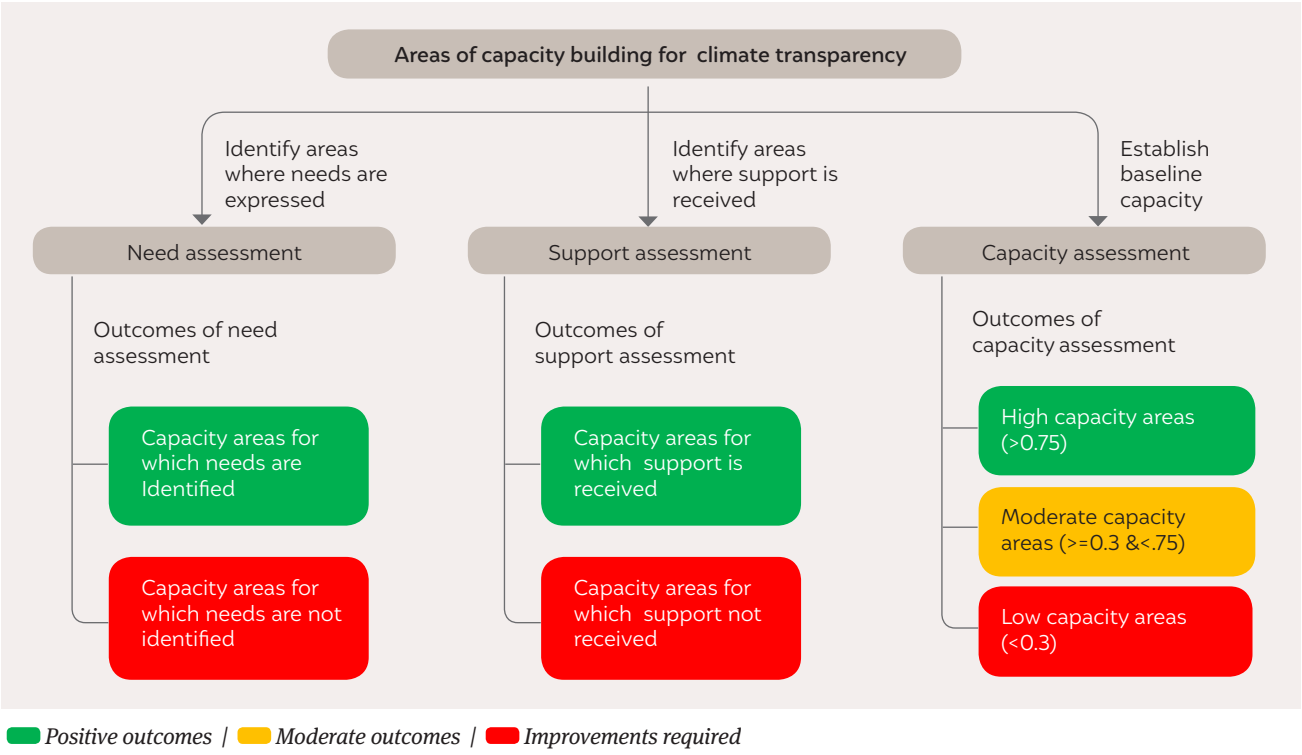
Capacity assessment

The main objective of capacity assessment is to understand the present capacity against the capacity area defined for transparency. This assessment also aims to identify gaps in existing systems and processes. For this, an evidence-based approach is adopted to evaluate the capacity of a country to adhere to the indicators of ACB-CT. It is based on extensive secondary research of existing climate reports – such as the NATCOMs and BURs – as well as information available in the public domain. Based on the quality of information available, a Likert scale, with a maximum of one and a minimum of zero, is used to indicate capacity with respect to specific indicators of the ACB-CT.

Need assessment

Needs assessment involves textual analysis of the transparency needs outlined in the existing literature, such as a country's submission to UNFCCC, NATCOM, BUR, and technical reports produced through international consultation and analysis. The historical needs identified are mapped to the ACB-CT depending on the kind of capacity it aims to build across the area of reporting, highlighted as an 'indicator'. This would help understand key national priorities and areas where needs are not expressed.

Figure 3: Block diagram for assessment procedures



Support assessment

Support assessment involves data mining of various information for support received, such as the name of a project, countries involved, activities undertaken, outcomes, and finances for each activity. Like in the need assessment, each support activity is mapped to the ACB-CT depending on the kind of capacity indicator it aims to build across the area of reporting. This would lead to a better understanding of the coverage of support received across all capacity indicators.

6. Integration

Although the three assessments are separate, a common reference emerges when they are mapped to the ACB-CT. Hence, the historically stated needs, support received, and present capacity can be established for a specific indicator of ACB-CT. This would help identify critical gaps in capacity, prioritise needs, and identify suitable opportunities for support across all capacity indicators. Based on this, the outcomes of CBAM can be reduced to five possible combinations:

i. Existing domestic capacity (indicators where no support is received but capacity exists)

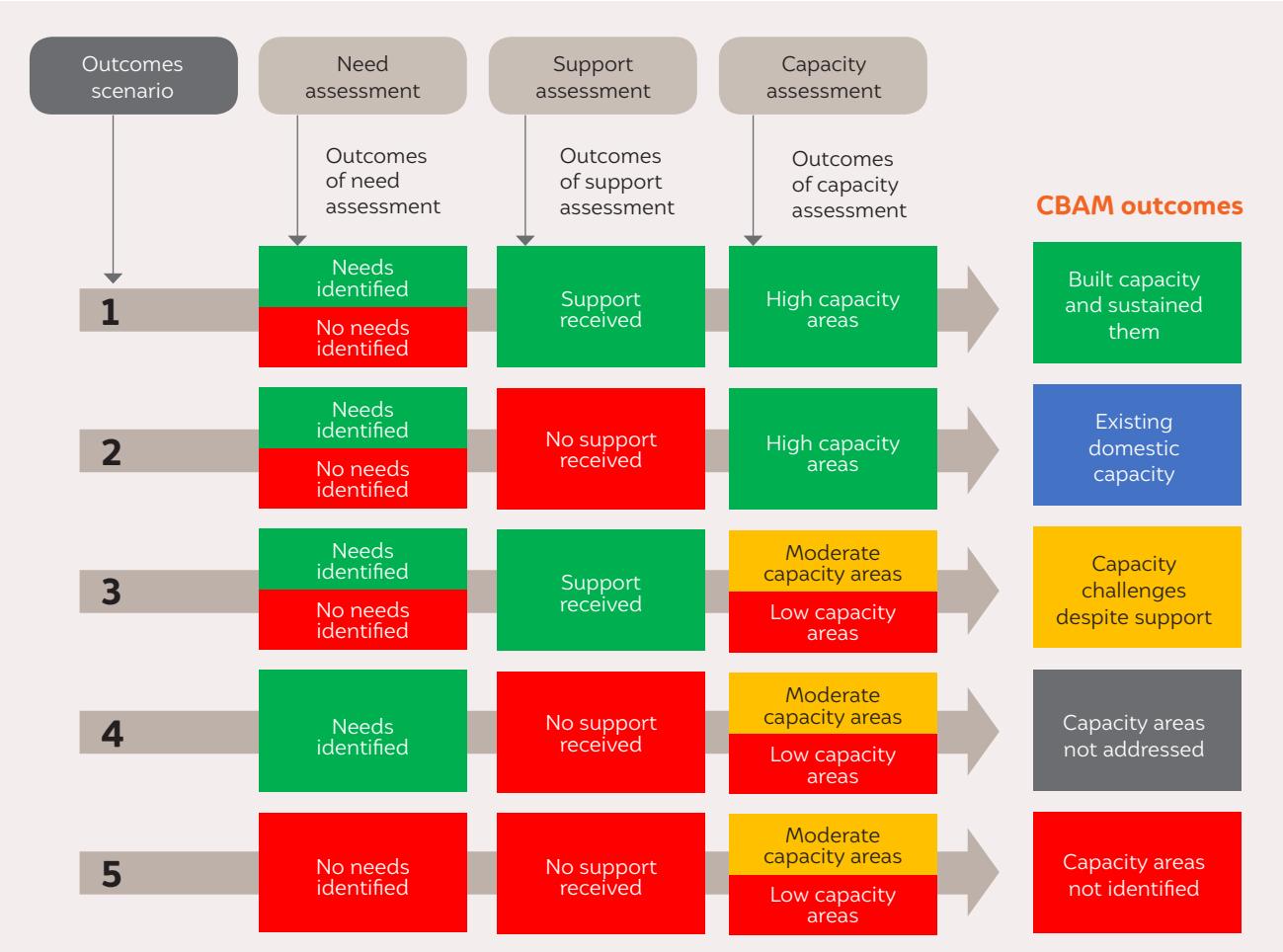
ii. Built capacity and sustained them (indicators where support is received and capacity is built)

iii. Capacity challenges despite support received (indicators with low or moderate capacity, despite the identification of needs and support being received)

iv. Capacity areas not addressed (indicators with low and moderate capacity whose needs are identified but support is lacking)

v. Capacity areas not identified (indicators whose needs are unidentified and support is lacking despite visible gaps in capacity)

Figure 4: Block diagram for integration



7. Way forward

With the adoption of an enhanced transparency arrangement, the need for capacity building in developing countries is likely to rise. This necessitates enhanced levels of financial and technical support to developing countries. However, it is important to realise that this basket of support – especially for transparency – is likely to remain limited and has to be used optimally. In order to do so, developing countries receiving support towards enhancing their capacity should take ownership of capacity building retention, while developed countries should ensure consistent support for capacity enhancement. The outcomes of the CBAM will help establish accountability towards enhancing transparency capacity. It evaluates past capacity building efforts to identify areas that need more support and have capacity retention issues. With the help of this mechanism, the present baseline capacity is established and progress in capacity enhancement can be traced. All these outcomes can serve as an essential input for the technical review process under the enhanced transparency framework. This would help determine the flexibility of a developing country in a rational manner and facilitate formulation of improvement plans to ensure adherence to no backsliding principle.

When capacity-building efforts are subjected to review processes, they result in greater ownership and efforts from all countries. Review processes can strengthen trust among countries and ensure a smooth transition to enhanced transparency arrangement.

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Stakeholder consultations informing the development of the Assesment Matrix

L to R (visible to the camera) Aman Gupta, Shakti Sustainable Energy Foundation; Damandeep Singh, CDP (formerly Carbon Disclosure Project); Subrata Chakrabarty, World Resources Institute (WRI); Ulka Kelkar, World Resources Institute (WRI); Elizabeth Gogoi, Oxford Policy Management India; and Sumana Bhattacharya, IORA Ecological Solutions.

Sumit Prasad (CEEW) presenting the framework idea at a stakeholder consultation to develop the assesment matrix.

Joydeep Gupta - The Third Pole, India Climate Dialogue.

Images: Riddhima Sethi/CEEW

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