ACCELERATING INDUSTRIES' CLIMATE RESPONSE
SRI LANKA

FACTSHEET

Transparent emissions reporting: Building a measurement, reporting and verification system for Sri Lankan industries

Introduction

Under the Paris Agreement, countries have committed to national determined contributions (NDCs). These state how each country will reduce national greenhouse gas (GHG) emissions. But to be able to report back on NDCs, each country needs a transparent and robust monitoring system that can track GHG emissions – what is called a 'GHG inventory' – and the mitigation actions, policies and measures being taken to reduce emissions. This is where a measurement, reporting and verification (MRV) system comes in.

MRV systems are also called transparency systems. At COP26, countries agreed to provide Biennial Transparency Reports (BTRs) every two years. BTRs must include a country's GHG inventory and mitigation measures. High-income countries also have to report on climate finance (low- and middle-income countries are encouraged to do this).[1] All countries are asked to report on adaptation measures if they are able.

CONTACTS

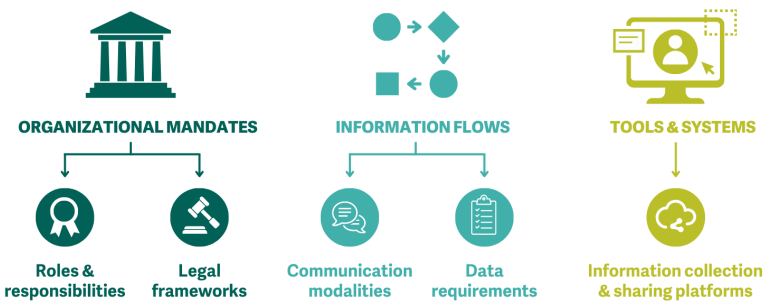
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How is an MRV system built?

An MRV functions on three pillars:

1. Organizational mandates: Institutional arrangements that determine roles and responsibilities, plus legal frameworks.
2. Information flows: Protocols, guides and formats that determine how data is collected and shared.
3. Tools and systems: An IT system for collecting and sharing inputs.



Visual from GAUSS (adapted)

1. The World Bank classifies Sri Lanka as a lower-middle-income country.

The first step in setting up an MRV is clarifying the institutional arrangements as well as the functions, roles and capacities.

1 COORDINATION, REPORTING AND ARCHIVING

Role: Coordination, planning, oversight, improvement plan of processes, reporting and archiving.

Expected capacities: Recognized national focal point working on climate change action.

2 SECTORAL LEADS

Role: Collection & provision of data for compiling the GHG inventory, analysis, archiving, quality assurance of the sectoral improvement plans at technical level.

Expected capacities: In-depth knowledge of GHG inventories and good collaboration / monitoring role within the emitting sectors as these are defined by the IPCC.

3 DATA PROVIDERS

Holders of relevant data on the drivers of emissions in all IPCC sectors (consumption, production, generation or use).

4 COMPILATION, ESTIMATION

Role: Data analysis, quality control, implementation of technical improvement plans, archiving and elaboration of the section of national inventory document, the BTR chapter and the CRT tables.

Expected capacities: Technical knowledge of estimating and quantifying GHG emissions (statistics, GHG inventory, reporting requirements) in all IPCC sectors.

5 INTERSECTORAL TECHNICAL ENTITY

Role: Quality assurance of the BTR section on the GHG inventory, archiving and improvement plans.

Expected capacities: Good technical knowledge of GHG inventories and reporting guidelines as lined out by the MPGs.

6 INTERINSTITUTIONAL HIGH-LEVEL ENTITY

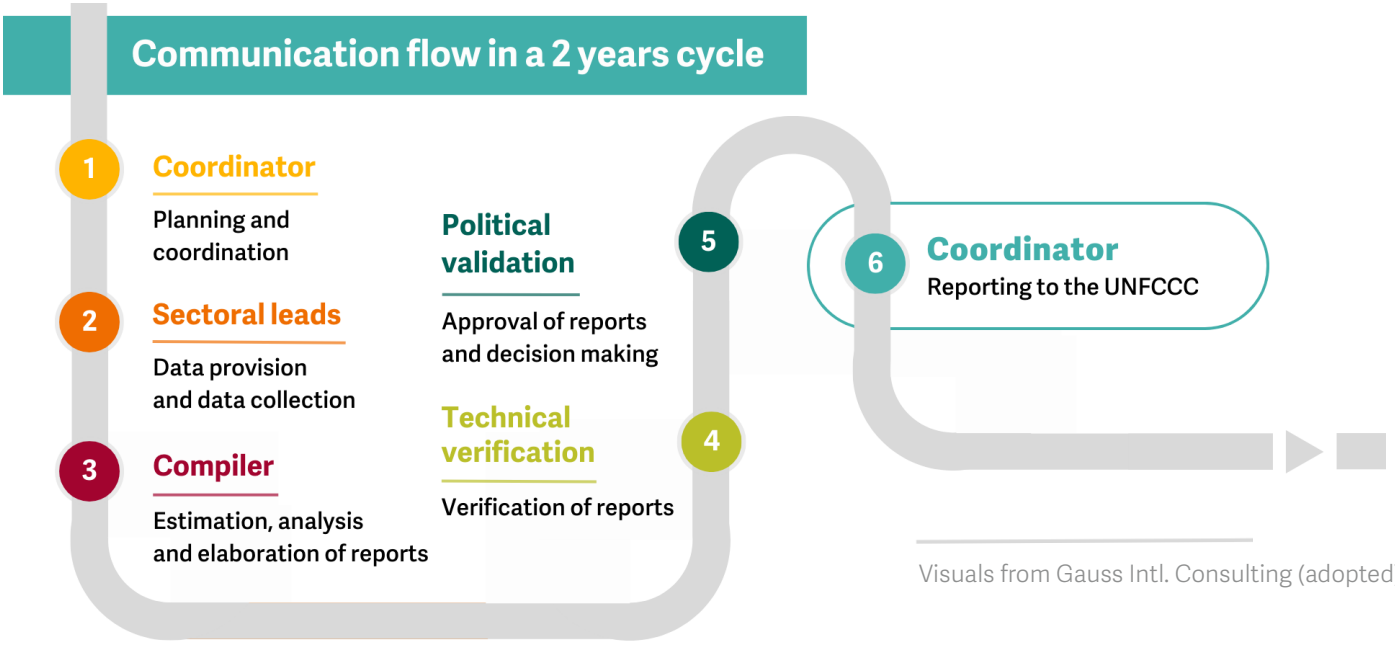
Role: Oversight (political ownership and decision making) and final approval of reporting on the GHG inventory.

Expected capacities: High level institutions in sectoral policymaking.

Visuals from Gauss Intl. Consulting (adopted)

How does an MRV system work?

After planning and coordination, the institutions or companies that have been selected as data providers, such as bureaus of statistics and utility companies, collect the data. The sector leads then gather this data and pass it on to a compiler, which analyses the data and compiles it. A committee of technical experts then verify the quality of the data. The data is then reported to government specialists who approve it and then report it to the UNFCCC.



Visuals from Gauss Intl. Consulting (adopted)

Why does Sri Lanka need an MRV for industrial emissions?

In 2019, imported fossil fuels supplied more than half of Sri Lanka's energy demand. Sri Lankan industry is one of the largest consumers of fossil fuel-based energy; it uses about 15 per cent of the country's oil products and 33 per cent of its electricity.

By 2030, the Sri Lankan Government has committed to reduce industrial emissions by 7 per cent. Having a transparent MRV system will help the country achieve this in various ways.

Accountability and credibility: By adopting an internationally-recognized, transparent system for tracking emissions and mitigation measures in industry, Sri Lanka will be able to better meet the domestic and international reporting requirements it has committed to as part of targets such as the NDCs. Over time, the availability and quality of Sri Lanka's emissions data will also improve.

Identifying strategic areas for action: An MRV system will enable Sri Lanka to identify GHG sources and trends within its industries and understand the mitigation policies, but it will also help to streamline them, identify the most important ones and report on them to the UNFCCC in a sustainable manner.

EXPLAINER:

The four major sources of greenhouse gas emissions

The Intergovernmental Panel on Climate Change categorizes the sources of GHG emissions into these sectors:

1. Energy
2. Industrial processes and product use (IPPU)
3. Agriculture Forestry and other land use (AFOLU)
4. Waste

Sri Lanka's industrial MRV system will track energy and IPPU emissions because the emissions generated by industry involve both of these categories.

Sri Lanka last reported to the UNFCCC on its revised NDCs in 2021. You can read the report **here**.

What is happening in Sri Lanka?

Through funding from the European Union, UNIDO is working with the Sri Lankan government, key industry players and energy experts to strengthen current data collection and reporting mechanisms to implement an MRV system for industrial sector GHG emissions and mitigation measures. This will measure and report on the following things.

1. **EMISSIONS: GHG inventory for industry**

   Emissions generated by:

   a. The energy industry
   b. Fuel used in manufacturing
   c. Industrial processes and product use (e.g., mineral, chemical, metal, electronics and other sectors such as paper and food manufacturing).

2. **MITIGATION: The policies, strategies and actions to reduce GHG emissions**

   This consists of:

   a. Emission reductions
   b. Level of progress

How is Sri Lanka building its indivifual MRV system?

- STEP 1 — Baseline assessment (assessing current institutional roles and responsibilities for reporting on climate change activities, data sources and data providers, tools and platforms)
- STEP 2 — Stakeholder consultations and capacity building
- STEP 3 — MRV framework developed
- STEP 4 — MRV system piloted
- STEP 5 — Adjustments made to the MRV model
- STEP 6 — Capacity strengthening
- STEP 7 — Implementation roadmap created
- STEP 8 — Implementation

Visuals from Gauss Intl. Consulting (adopted)

Who is involved?

The industry sector MRV system is being developed under the **Accelerating Industries' Climate Response in Sri Lanka**, a five-year initiative designed to support the country's industrial sector transition to a low-carbon future. The programme is led by the Climate Change Secretariat at the Ministry of Environment, in close collaboration with the Ministry of Industries and Ministry of Power and Energy. It is implemented by the United Nations Industrial Development Organization (UNIDO) and funded by the European Union under the Global Climate Change Alliance+.

The Climate Change Secretariat leads a working group to oversee and guide the design, development and implementation of Sir Lanka's MRV system. The MRV working group consists of government bodies and departments and key industry players.

Want to know more?

Here are some useful resources on MRVs/transparency systems.

- **UNFCCC resources** on MRV systems
- **General overview** of the UNFCCC Enhanced Transparency Framework
- **Modalities, procedures, and guidelines** for the UNFCCC Enhanced Transparency Framework
- **General guidelines** for developing national MRV systems
- The World Resources Institute's **MRV overview**
- Examples of MRV systems in **Kenya** and **Vanuatu**

Accelerating Industries' Climate Response in Sri Lanka is a project funded by the European Union and implemented by the United Nations Industrial Development Organization with the Ministry of Environment, Ministry of Industry and the Ministry of Power and Energy.

European Union

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