

The Republic of Korea's views on features, information and accounting of NDCs

April 2017

Korea is pleased to submit its views on APA agenda item 3, "Further guidance in relation to the mitigation section of decision 1/CP.21 on: (a) features of nationally determined contributions, as specified in paragraph 26; (b) information to facilitate clarity, transparency and understanding (CTU) of nationally determined contributions, as specified in paragraph 28; and (c) accounting for Parties' nationally determined contributions, as specified in paragraph 31"

1. Further Guidance on Features of NDCs (APA agenda item 3(a))

The purpose of further guidance on features is to further clarify and elaborate on those features outlined in Article 4. Parties need to enhance their common understanding on ①what features are, ②what features they have already agreed in Article 4, and ③whether some additional features might be needed.

Features of NDCs are the intrinsic characteristics of NDCs that function as the *boundary conditions* within which Parties are to nationally determine their NDCs. NDCs are to be nationally determined in accordance with these features or boundary conditions. A Party's NDC, though nationally determined, is not to be intermittent, backward, or without information necessary for clarity, transparency and understanding or without informed consideration of the outcomes of the global stocktake. Nor can it be communicated in a communication cycle other than the 5-year communication cycle Parties have agreed.

Korea presents its understanding of the common features outlined in Article 4 and those features to be further elaborated as follows.

1) Common Features Outlined in Art. 4 (expressed as "shall")

- Successive communication (Article 4.2 – Each Party/shall)
- Anchoring in domestic mitigation measures (Article 4.2 – Parties/shall)
- Information necessary for clarity, transparency and understanding (Article 4.8 – All Parties/shall)
- 5-year communication cycle (Article 4.9 – Each Party/shall)

- Informed consideration of the outcomes of the global stocktake (Article 4.9 – Each Party/shall)
- Accountability (Article 4.13 – Parties/shall)

2) Common Features To be Further Elaborated

Korea is of the view that a few common features might be further elaborated in relation to Article 4.8, 4.10 and 4.13. Common time frame, if agreed and adopted by the CMA, could be an important common feature. Methodological consistency that could be derived from Article 4.13 is also a crucial common feature, particularly in terms of accounting for the achievement of NDCs.

2. Further Guidance on Information of NDCs (APA agenda item 3(b))

Information of NDCs operationalizes features. The information for clarity, transparency and understanding (CTU) of NDCs is informational contents of features. As such, features largely determine the scope of the CTU information.

The purpose of further guidance on information is to operationalize features by identifying informational contents of features. Further guidance on information should also clarify and elaborate on the CTU information by specifying different sets of the CTU information required for different NDC types, as the CTU information varies according to different NDC types.

Korea identifies the CTU information common to NDCs and further specifies different sets of the CTU information specific to different NDC types as follows.

1) Information Common to NDCs

- Information on the type of NDC (e.g., absolute emissions reduction target, BAU target, Intensity target, etc.)
- Quantitative information on targets (e.g., a given % reduction below a given base year emissions level)
- Quantitative information on reference points

- Information on the time frame of NDC (in accordance with the common time frame to be considered by the CMA)
- Information on the sectors and gases included in NDC (if possible, the sectors and GHG gases defined by IPCC guidelines) and coverage of NDC (e.g., economy-wide)
- How the Party will ensure the methodological consistency between the communication and implementation of its NDC
- How the Party's NDC has been informed by the outcomes of the global stocktake
- How the Party's NDC has been anchored in domestic mitigation measures
- Clear and transparent information as to the unconditional portion and the conditional portion of the Party's NDC (if appropriate)
- How the Party intends to use cooperative approaches in Article 6.2, the Article 6.4 mechanism, and non-market approaches (if appropriate)
- Assumptions and methodological approaches – inventory guideline, GWP value used, accounting rules used in the land sector (if appropriate).
- Planning processes
- How the party considers that its NDC is fair and ambitious, in the light of its national circumstances
- How it contributes towards achieving the objective of the Convention as set out in its Article 2
- Sources of used index/data (if possible)

2) Sets of Information Specific to Different NDC Types

- **Absolute emissions reduction target**
 - √ Base and target years, including emissions levels
 - √ Baseline projection (BAU projection)
 - √ Parameters, assumptions and methodologies used in setting the baseline projection

- √ Emissions pathways (for multi-year targets)
- **BAU target**
 - √ Baseline, including projected emissions level
 - √ Parameters, assumptions and methodologies used in setting the baseline projection
- **Intensity target**
 - √ Current/projected index value and sources
 - √ Methodologies and assumptions used
- **Peak target**
 - √ Peak year, including projected emissions level
 - √ Indicators the Party will use to assess the attainment of the objective
- **Policy and measures**
 - √ Qualitative description of the policies and measures
 - √ Progress indicators
 - √ Quantitative information on expected emissions from the policies and measures (if possible)

3. Further Guidance on Accounting for NDCs (APA agenda item 3(c))

The guidance to be elaborated in relation to Article 4.13 of the Paris Agreement has to address a few of critical issues. Such key accounting issues include, inter alia, the followings:

- Choice of methodology (the choice of guidelines for national GHG inventories)
- Choice of metrics
- Accounting of reference points (issues related to accounting of emissions levels for base/baseline year, intensity levels for base/target year, etc.)
- Land sector accounting (whether or not to include land sector in the target boundary, which existing methods and guidance under the Convention are to be used)
- Treatment of internationally transferred mitigation outcomes (how ITMOs are to be counted towards the achievement of NDCs)

- Time frame for “accounting for the achievement of NDCs” (when “accounting for NDCs” will take place –“over” a defined period or “in” a given year)

Some of these accounting issues are almost identical with those that Parties to the Kyoto Protocol have been faced with, but others require varied accounting approaches consistent with the multi-form targets of NDCs under the Paris Agreement.

Different NDCs require different accounting approaches, particularly in terms of accounting for the achievement of NDCs. An accounting guidance for multi-form targets has to differ, by necessity, from an accounting guidance for uniform targets. This fundamental difference in context is the basis on which the accounting guidance should be built. A key design principle for the accounting guidance under the Paris Agreement is, therefore, not *uniformity across* Parties' accounting approaches but *“consistency” between* a given type of NDC and its corresponding accounting approaches to be developed in the future.

In terms of accounting approaches, NDCs are considerably different depending on whether it is a multi-year target or a single-year target. For example, a multi-year emission reduction target is different from a single-year emission reduction target. The former has emission reduction goals for a period whereas the latter has an emission reduction goal for its target year. As such, each requires different information and accounting approaches to track progress and to account for the achievement of its target. Also, whether a given NDC includes or excludes the land sector in its target boundary entails different accounting implications.

Most of the aforementioned accounting issues have been nationally and differently dealt with by Parties through their NDCs. A Party's NDC contains certain key accounting choices. Such choices include guidelines for national GHG inventories and metrics, and its land sector accounting approaches. Parties have also determined the time frames for accounting for the achievement of their NDCs through their choice of a multi-year or a single year target. A single-year target is to be accounted for in relation to the target year. These key choices are made on the basis of its capacity and national circumstances. They are not just simple matters of choice but fundamentally matters of capacity and national circumstances; limited capacity and different national circumstances limit or preclude certain choices.

Article 4.13 clearly stipulates that Parties shall account for what they have nationally determined (NDCs). The purpose of the accounting guidance is, therefore, to ensure the accountability of that which is nationally determined. The accounting guidance should be developed in a manner that respects and preserves the nationally determined nature of NDCs. This fundamental principle

equally applies to the accounting guidance under development in relation to Article 6.

In this context, what is principally relevant for the accountability of a Party's NDC is consistency between the Party's NDC and its accounting approaches. However, it is to be pointed out that Article 4.4 of the Paris Agreement provides dynamism, through which an eventual convergence of Parties' NDCs in terms of target type will occur in time. As Parties' NDCs converge in terms of target type, a great degree of uniformity across Parties' accounting approaches will be also achieved.

4. The way forward

Being aware that there is not much time left until 2018, Korea suggests the following as a way forward.

- At the Bonn Session in May, technical discussion on the identification of specific elements of each of the guidance (features/information/accounting) should start immediately.
- Based on this discussion, the APA Co-Chairs can compile the commonly identified elements.
- As for the issue on the accounting, the Secretariat can produce a technical paper on where we are.
- An inter-sessional technical workshop is recommended on the topics that need further discussion in a focused manner. /End/