



United Nations

FCCC/APA/2016/INF.1/Add.1



Framework Convention on
Climate Change

Distr.: General
18 October 2016

English only

Ad Hoc Working Group on the Paris Agreement

Second part of the first session

Marrakech, 7–14 November 2016

Agenda item 3(a–c)

Further guidance in relation to the mitigation section of decision 1/CP.21 on:

Features of nationally determined contributions, as specified in paragraph 26

Information to facilitate clarity, transparency and understanding of nationally determined contributions, as specified in paragraph 28

Accounting for Parties' nationally determined contributions, as specified in paragraph 31

Parties' views regarding further guidance in relation to the mitigation section of decision 1/CP.21

Information document by the secretariat

Addendum

1. In addition to the 13 submissions contained in document FCCC/APA/2016/INF.1, 5 further submissions have been received.
2. In accordance with established practice, these submissions are attached and reproduced* in the language in which they were received and without formal editing.¹

* These submissions have been electronically imported in order to make them available on electronic systems, including the World Wide Web. The secretariat has made every effort to ensure the correct reproduction of the texts as submitted.

¹ Also available at <<http://unfccc.int/5900>>.

GE.16-18052(E)



* 1 6 1 8 0 5 2 *

Please recycle



Contents

	<i>Page</i>
1. Maldives on behalf of the Alliance of Small Island States (Submission received 6 October 2016)	3
2. Saint Lucia on behalf of the Caribbean Community (Submission received 6 October 2016)	4
3. Slovakia and the European Commission on behalf of the European Union and its member States** (Submission received 7 October 2016)	13
4. Switzerland on behalf of the Environmental Integrity Group (Submission received 10 October 2016)	20
5. United States of America (Submission received 12 October 2016)	24

** This submission is supported by Albania, Bosnia and Herzegovina, Serbia and the former Yugoslav Republic of Macedonia.

Paper no. 1: Maldives on behalf of the Alliance of Small Island States

**Submission by the Republic of the Maldives
on behalf of the Alliance of Small Island States**

5 October 2016

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 of nationally determined contributions, as specified in paragraph 28; and (c) accounting for Parties' nationally determined contributions, as specified in paragraph 31

On behalf of the Alliance of Small Island States (AOSIS), the Republic of the Maldives welcomes this opportunity to provide its views regarding 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 of nationally determined contributions, as specified in paragraph 28; and (c) accounting for Parties' nationally determined contributions, as specified in paragraph 31.

Nationally determined contributions (NDCs) are a key innovation of the Paris Agreement. The NDCs provide a framework for all countries to contribute to the international effort to address climate change. Paragraph 27 of the decision 1/CP.21 provides a useful starting point for the development of guidance under paragraphs 26 and 28, to provide necessary clarity, transparency, and understanding of Parties' planned efforts, and for aggregating their effect in terms of global emissions reductions, which is a priority for AOSIS.

AOSIS recognizes the wide diversity of intended nationally determined contributions submitted by Parties, as well as the challenges that the secretariat identified in assembling aggregated information in the Synthesis Report. AOSIS is interested in exploring ways to improve the quality of information provided in future NDCs to address these challenges.

One immediate step that can be taken is to ensure that the Capacity-Building Initiative for Transparency is fully operational by Marrakesh, which can help raise the ability of Parties to gather data, monitor progress, submit the information on a timely basis, and improve the accuracy of their projections, which will help improve the quality of NDCs they communicate over time.

AOSIS is deeply concerned that the aggregate level of ambition reflected in current intended NDCs is not consistent with least-cost 2 degree and 1.5 degree emissions scenarios.¹ This highlights the importance of the facilitative dialogue in 2018 and pre-2020 work under the Global Climate Action Agenda for raising ambition. The rapid operationalization of Article 6 of the Paris Agreement would also help facilitate collaborations and optimisation of cost-effective mitigation options to support the implementation of Parties' NDCs. AOSIS encourages all countries to fulfil their pre-2020 pledges and to regularly communicate or update their NDCs with the view to achieving the purpose of the Paris Agreement as set out in its Article 2.

¹ Aggregate effect of the intended nationally determined contributions: an update", Synthesis report by the UNFCCC secretariat 2 May 2016. Available online at: <http://unfccc.int/resource/docs/2016/cop22/eng/02.pdf>

Paper no. 2: Saint Lucia on behalf of the Caribbean Community

Submission by Saint Lucia on behalf of CARICOM**APA Agenda Item 3 - Nationally Determined Contributions: *features, information and accounting*
7 October 2016**

Saint Lucia is pleased to support the submission from AOSIS on APA Agenda item 3 and has the further honour to provide inputs on behalf of the Caribbean Community (CARICOM), comprised of Antigua and Barbuda, the Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Haiti, Jamaica, St Kitts and Nevis, Saint Lucia, St Vincent and Grenadines, Suriname, and Trinidad and Tobago, in response to the invitation by the Ad Hoc Working Group on the Paris Agreement (APA) to submit views by 30 September 2016 on:

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 of nationally determined contributions, as specified in paragraph 28; and

(c) accounting for Parties' nationally determined contributions, as specified in paragraph 31"

BACKGROUND

In advance of Paris, Parties were invited to provide their intended nationally determined contributions (INDCs), guided by an agreed list of "up front" information to facilitate the clarity, transparency and understanding of these INDCs. See Lima decision 1/CP.20, para 14. In response, many different types of INDCs were submitted, with different levels of supporting information.

The varied nature and content of the INDCs that were communicated presented substantial challenges to the Secretariat in preparing a synthesis report of what these planned efforts would deliver in aggregate, as Parties had requested. See *Aggregate effect of the intended nationally determined contributions: an update* (FCCC/CP/2016/2, May 2, 2016) ("Synthesis Report") and accompanying Technical Annex (available at http://unfccc.int/focus/indc_portal/items/9240.php).

Some of the **key challenges** highlighted by the Secretariat in its effort to aggregate the effect of the intended nationally determined contributions included the following:

106. The approach and methods described above include a number of uncertainties linked to data availability and quality.

107. One key challenge relates to the different ways in which Parties have chosen to express their INDCs, including time frames and reference years as well as the sectors and gases covered.

108. Further challenges relate to the methodologies used for estimating and projecting GHG emissions as well as to the quality, clarity and completeness of the data used (see chapter II.D below). The latter includes, for example: missing information on metrics, such as GWP values applied; lack of gas-by-gas emission data to be able to aggregate emissions with the same consistent metrics; missing or incomplete data on the BAU scenario and expected future values for GDP or population; lack of clarity on approaches to the accounting of the LULUCF sector; missing information on the application of conditions in the target year; and lack of information on the use of international market-based mechanisms and how double counting was avoided.

...

110. A major area of uncertainty relates to the approaches used for estimating, projecting and accounting emissions and removals from the LULUCF sector. (Synthesis Report, Technical Annex, paras. 106-110).

Undoubtedly, in the absence of further guidance on features, information and accounting, Parties' common efforts to achieve the goals set out in the Paris Agreement will be undermined and projections of what future NDCs aim to achieve will be uncertain.

It will be important to develop guidance that facilitates the process of preparing NDCs by giving **clear direction on the commonalities required of Parties** in the presentation of their NDCs, clear guidance on **supporting information** necessary for clarity, transparency and understanding of all NDCs, and guidance on **accounting** to enable a better understanding of what NDCs deliver for what the atmosphere sees.

3(a) - FEATURES OF NATIONALLY DETERMINED CONTRIBUTIONS, AS SPECIFIED IN PARAGRAPH 26

A. CURRENT GUIDANCE ON FEATURES

There is no definition of the term "features" in the Paris Agreement or in its covering decision 1/CP.21. Nevertheless, features can be readily understood as "elements" or "aspects" of Party NDCs set out in Article 4 or in Parties' NDCs. There are a number of agreed aspects of NDCs under the Paris outcome; some are content-related and some are process-related:

Content-related features of NDCs

- Each successive NDC will represent a **progression** beyond the Party's then current NDC (Art. 4.3)
- Each successive NDCs will reflect a Party's **highest possible ambition**, reflecting its common but differentiated responsibilities and respective capabilities, in the light of different national circumstances (Art. 4.3).
- NDCs are **maintained** (Art. 4.2).
- NDCs of developed countries should be **economy-wide absolute emission reduction targets** (Art. 4.4)
- NDCs of developing countries are encouraged to move toward **economy-wide emission reduction or limitation targets** in light of different national circumstances (Art. 4.4).
- NDCs are to be supported by **domestic mitigation measures** that aim to achieve the objectives of the contributions (Art. 4.2).
- NDCs are to be **accompanied by the information necessary for clarity, transparency and understanding** (Art. 4.8).
- NDCs are to be **informed by** the outcomes of the Global Stocktake (Art. 4.9)
- NDCs **may be carried out by Parties acting jointly** (Art. 4.16), in which case their communication is to be accompanied by the underlying agreement between Parties and each Party is accountable for its emission level.

Process-related elements

- NDCs are **recorded** in a public registry maintained by the secretariat (Art. 4.12).
- NDCs are **maintained** (Art. 4.2).
- NDCs are **adjustable** at any time, with a view to enhancing their ambition, **consistent with guidance** (Art. 4.11)
- NDCs are **communicated by each Party every five years** (Art. 4.9)
- NDCs shall **be submitted 9-12 months in advance** of the relevant CMA session (Decision 1/CP.21, para. 25).

Other **features of the NDCs that have been communicated by Parties include:**

- reference years or periods
- common timeframes (2025, 2030)

- statements of coverage in sectors and gases
- statements of metrics and accounting guidelines applied, and
- the quantification of reductions in tonnes of CO₂-eq. emissions.

Finally, the CMA will consider **common timeframes** for NDCs at its first session (Art. 4.10).

B. FURTHER GUIDANCE ON FEATURES

Against the backdrop of the content and process-related elements above, Decision 1/CP.21, para 26 tasks the APA to develop **further guidance** on "feature of the NDCs":

*26. Requests the Ad Hoc Working Group on the Paris Agreement to develop **further guidance on features of the nationally determined contributions for consideration and adoption by [CMA 1]**.*

While the ambition and type of NDCs that are submitted are necessarily nationally-determined, based on the experience of the Secretariat's synthesis report, it is clear that further guidance, setting out a set of minimum **mandatory common features** of NDCs, will be helpful to Parties in preparing their future NDCs for communication, helpful to the secretariat in aggregating Party efforts, and essential in improving uncertainties around what NDCs aim to deliver – information that will be central to periodic stocktakes under the Paris Agreement. Guidance will also be helpful to Parties in understanding important concepts that are fundamental to the delivery of the Article 2 long-term goal, including **progression** and **highest possible ambition**.

Minimum mandatory common "features" of NDCs to be addressed through guidance include:

- quantifiability of efforts in tonnes of CO₂-eq. emissions
- progression
- highest possible ambition
- use of common IPCC metrics
- coverage, sources and removals
- reference points
- time frames for submission
- target years
- outline of all key assumptions
- statement of nature of NDC - economy-wide absolute emission reduction target, **economy-wide emission reduction or limitation target, or other**
- domestic mitigation measures in place in support.

C. PROCESS GOING FORWARD FROM MARRAKECH FOR DEVELOPMENT OF FURTHER GUIDANCE ON FEATURES

- Parties have been encouraged to communicate new and updated NDCs by 2020, and will want to begin planning for their successive five-yearly NDCs. For this reason, it will be useful to deliver guidance on features at the earliest possible date.

Work on guidance could be supported by technical papers, and workshops supported by technical papers prepared by the secretariat, to ensure the adoption of guidance on features by 2018.

3(b) - INFORMATION TO FACILITATE CLARITY, TRANSPARENCY AND UNDERSTANDING OF NATIONALLY DETERMINED CONTRIBUTIONS, AS SPECIFIED IN PARAGRAPH 28

A. REQUIREMENTS

It is clear from the first round of NDCs that, In the absence of more detailed information from many

Parties, it will continue to be difficult to understand what Parties' NDC will *deliver for the atmosphere in aggregate*. The synthesis report prepared by the secretariat was hampered in aggregating planned mitigation efforts due to information gaps that made it challenging to assess what NDCs aim to achieve in quantified terms over future time periods. In the absence of more detailed, clear, complete and transparent information, it will also be difficult to *track Parties' progress* in achieving these NDCs. More clear, complete and transparent Information, presented in a consistent format, will be helpful for these purposes.

The following requirements have already been agreed

- In communicating their nationally determined contributions, all Parties **shall provide the information necessary** for clarity, transparency and understanding **in accordance with decision 1/CP.21** and any relevant decisions of the [CMA]. (Art. 4.8)
- Each Party shall regularly provide *information necessary to track progress* made in implementing and achieving its NDC. (Art. 13.7)
- Parties are accountable for their NDCs and Parties will account for their NDCs *using IPCC methodologies and common metrics* (Decision 1/CP.21, para. 31).
- In accounting for emissions and removals corresponding to their NDCs, *Parties are required to promote environmental integrity, transparency, accuracy, completeness, comparability and consistency, and avoid double counting* (Art. 4.13).

B. MANDATE

Decision 1/CP.21, paragraphs 27 and 28, set out the mandate for further guidance on the information to be provided in connection with NDCs:

27. *Agrees that the information to be provided* by Parties communicating their nationally determined contributions, in order to facilitate clarity, transparency and understanding, **may include, as appropriate, inter alia, quantifiable information on the reference point (including, as appropriate, a base year), time frames and/or periods for implementation, scope and coverage, planning processes, assumptions and methodological approaches including those for estimating and accounting for anthropogenic greenhouse gas emissions and, as appropriate, removals,** and how the Party considers that its nationally determined contribution is **fair and ambitious**, in the light of its national circumstances, and **how it contributes towards achieving the objective of the Convention** as set out in its Article 2 (Decision 1/CP.21, para. 27).

28. *Requests* the [APA] **to develop further guidance for** the information to be provided by Parties in order to facilitate clarity, transparency and understanding of nationally determined contributions for consideration and adoption by the [CMA] at its first session.

Further guidance for the information listed in paragraph 27 is not intended to impact the ambition of Parties' NDCs, but only their presentation, building on the common features agreed for all NDCs, and ensuring the presentation of the information necessary to support clarity, transparency and understanding.

C. FURTHER GUIDANCE ON INFORMATION

Further guidance on information should address:

- All information necessary to quantify contributions in tonnes of emissions
- All information necessary to track progress toward achievement of NDCs

This common guidance for all Parties should recognize the listing of information in 1/CP.21, para. 27 as **mandatory "necessary" information**. It should additionally address any additional information needed from Parties to make particular types of NDCs clear, understandable and transparent.

It will be most convenient for Parties if this guidance is found in a single place. Accordingly, one set of guidance should be developed, containing general information needed for all NDCs, and specific information needed for clarity, transparency and understanding of different types of NDCs. It will also be helpful to Parties if guidance is provided on how to apply common requirements to different NDC type features (e.g. how to quantify different NDC types in tonnes).

1. General Information to be addressed in further guidance, applicable to all NDCs:

- **Description of NDC:** (1) **economy-wide absolute emission reduction target**; (2) **economy-wide emission reduction or limitation target**, (3) **other, with specificity**
- **target year or target period** (e.g., 2025, 2030)
- **base year or base period or reference**
- **reference year emissions or reference period emissions**
- **gases included** (CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, NF₃, additional)
- **sectors included**
- **metrics used** to calculate impact of GHG emissions
- **approach used to account** for emissions and removals from forests, land use
- expected use of **international market-based mechanisms**
- expected **need for financial support** (for developing countries)
- Information to understand the **ambition** of the NDC, including
 - past emission trends
 - projections of future emissions
 - description of relevant national circumstances
 - assumptions related to mitigation potentials
 - mitigation costs
 - description of domestic mitigation targets
- **policies** implemented or planned to achieve the contribution
- how NDC has been informed by outcomes of Global Stocktake

2. More detailed information, to be provided in communicating various NDC types:

absolute reduction or limitation targets

- emission level in base year
- coverage in sectors
- coverage in gases
- multi-year or single year targets (budget-based or single year approach)

targets relative to a projected business-as-usual (BAU) scenario

- the individual elements of the methodology for establishing the BAU scenario
- model used to develop BAU baseline
- explanation of assumptions used for key inputs (e.g., trends in population, GDP, energy prices, technology assumptions)
- is BAU fixed or will it be updated?
- timing of updates and parameters that will be updated

intensity targets

- index used (e.g. GDP or population) and source
- timing of planned updates

- parameters that will be updated

carbon neutrality targets

- the accounting approach used for carbon neutrality,
- how emissions from the land sector will be accounted for,
- explanation whether and to what extent units from international market mechanisms or other compensation activities/credits will be used to reach target

policies, measures and mitigation actions

- qualitative information describing the intended policies, measures or actions in detail
- quantification of future expected emission reductions from their implementation

Further clarification of current NDCs: Under Article 4 all Parties have agreed to provide **necessary** information for clarity, transparency and understanding ("CTU") of their NDCs. Parties should be encouraged to augment the information they have provided **as soon as possible** to inform the facilitative dialogue in 2018. In addition, work on further guidance on information should be expedited, as Parties have been encouraged to communicate new and updated NDCs by 2020 and this guidance can inform those efforts.

D. PROCESS GOING FORWARD FROM MARRAKECH ON DEVELOPMENT OF FURTHER GUIDANCE ON INFORMATION

Useful tools to advance guidance on information include:

- a Secretariat paper on information gaps encountered in preparing the synthesis report and the implications of these gaps for achieving the mandate of the Paris Agreement
- Workshops to develop draft guidance on information
- Work plan for delivery of guidance by 2018.

3(c) - ACCOUNTING FOR PARTIES' NATIONALLY DETERMINED CONTRIBUTIONS, AS SPECIFIED IN PARAGRAPH 31

A. REQUIREMENTS AND MANDATE

A robust accounting system is needed under the Paris Agreement

- (1) to understand the *expected mitigation effects* of Parties' planned NDCs and the impacts of any overlaps between Parties' pledged efforts;
- (2) *to track progress* toward meeting pledged efforts and aggregate goals;
- (3) *assess* what has been accomplished, after considering use of internationally transferred mitigation outcomes, and emissions and removals from the land sector, and the avoidance of double counting.

The Paris Agreement includes the following requirements, among others, which need to be addressed through guidance:

- Parties **shall account** for their NDCs (Art. 4.13)
- **In accounting for emissions and removals corresponding to their NDCs, Parties shall promote** environmental integrity and transparency, accuracy, completeness, comparability and consistency ("TACCC"), ensure the avoidance of double counting, and apply common methodologies (Art. 4.13), in accordance with guidance to be developed by the APA.
- Parties are obliged to apply accounting guidance to their 2nd and subsequent NDCs but may elect to apply this guidance to their first NDC (1/CP.21, para. 32).

- When "recognizing" mitigation actions with respect to emissions and removals, Parties should take into account existing methods and guidance under the Convention, in light of the provisions of 4.13 (4.14) (which in turn refers to "TACCC" principles).

Building on this provision, Decision 1/CP.21, paragraph 31, requests the APA to elaborate guidance for accounting for Parties' NDCs, "drawing from the approaches established under the Convention and its related legal instruments", and ensuring that Parties:

- (a) **account for anthropogenic emissions and removals in accordance with methodologies and common metrics assessed by the IPCC** and adopted by the CMA; (b) **ensure methodological consistency, including on baselines**, between the communication and implementation of NDCs;
- (c) **strive to include all categories** of anthropogenic emissions or removals in their NDCs and, once a source, sink or activity is included, continue to include it;
- (d) explain why any categories of anthropogenic emissions or removals are excluded;

B. RELATIONSHIP WITH GHG INVENTORIES AND ROLE OF ACCOUNTING GUIDANCE

Although Parties will be submitting GHG inventories, inventory reporting alone will not be sufficient to enable an understanding of what countries' NDC will in aggregate deliver toward global goals, to track many Parties' progress toward achieving their NDCs, or to determine what NDCs have achieved. This is because the NDCs communicated take different forms, use different timeframes, some have not used IPCC sectors or IPCC methodologies, the scope of some include the land use sector, and some NDCs contemplate the use of internationally transferred mitigation outcomes.

A robust accounting framework is a **pre-requisite** for use of internationally transferred mitigation outcomes or use of market-based units toward NDCs under Article 6, in order to ensure the avoidance of double counting of emission reductions or units between Parties. A robust accounting framework is also needed to assess **the impact of NDCs that include the land sector**, since the land sector involves a mix of anthropogenic and non-anthropogenic emissions. An accounting system is also needed to address the fact that **some NDCs present target emissions levels for a single year** (e.g., 2025 or 2030) while some use budgets or multi-year targets.

Types of NDCs that present particular accounting challenges include:

- single year targets where a Party intends to use internationally transferred mitigation outcomes toward its target, or to include the land sector toward its target
- targets that are a reduction from BAU projections or emissions intensity targets, where the land sector is involved, or the use or transfer of internationally transferred mitigation outcomes is contemplated
- carbon neutral pledges that rely on LULUCF removals or the acquisition of emission reductions from other countries
- LULUCF and use of carbon market units

C. APPROACHES ESTABLISHED UNDER THE CONVENTION AND ITS RELATED LEGAL INSTRUMENTS (KYOTO PROTOCOL)

Approaches and institutional arrangements established under the Convention and Kyoto Protocol offer valuable lessons and approaches for the development of an accounting system under the Paris Agreement. Some of these include:

- The importance of reliable national systems for the production of annual inventories
- The value of National registries, established according to common rules, with common definitions and functions, where the transfer of international units is contemplated
- Common reporting formats and metrics to enhance transparency, accuracy, completeness, consistency and comparability of inventories

- Expert reviews of inventories, with authority to recommend adjustments
- an international transaction log for the tracking and oversight of units and outcomes generated and/or transferred
- Individual unit identifiers and vintages of emission reductions
- Systems and tools to avoid double counting where transfers are contemplated
- Separate accounting modalities for the land use sector
- Systems to reflect and process a share of proceeds from market-related units toward adaptation
- Supplementary information addressing the land sector and emission projections
- The notion of supplementarity – that the major part of emission reductions reported by Parties should come from domestic mitigation efforts
- Ways to manage the issue of hot air / surplus, in the context of emissions trading or cooperative approaches
- Quantified approaches to protect the environmental integrity of domestic targets (e.g., through systems to prevent over-selling)
- Eligibility rules and initial requirements for participation in transfers of internationally recognized units
- Compliance reviews to ensure inventory reporting of sufficient quality and consistency with accounting rules, where transfers of internationally-recognized units are involved.

The goals of transparency and the protection of environmental integrity that led to the establishment of these systems are equally present and relevant under the Paris Agreement.

D. ISSUES TO BE ADDRESSED IN GUIDANCE ON ACCOUNTING

- Purpose
- Definitions
- Elements listed in 1/CP.21, para. 31
- Common IPCC metrics, gases, sectors, timeframes
- Multi-year v. single year targets
- Multiple contributions of different types within an NDCs
- Institutional elements and tools (registries, tracking, international oversight, transparent governance, transparency, reporting)
- Means to ensure the avoidance of double counting (including double issuance of units for the same reductions, double claiming between host country and acquiring Party, double claiming of reductions between types of domestic programmes, double claiming in different or multiple time periods, potential double claiming under UNFCCC and ICAO or IMO)
- Link between inventories and accounting system
- Options for land sector accounting that guarantee an acceptable level of environmental integrity and transparency in given contexts
- Avoidance of perverse incentives in the context of successive periods requiring progression
- Relationship with existing accounting guidance applied by Parties

E. CONNECTION WITH ACCOUNTING UNDER ARTICLE 6

SBSTA has been mandated to recommend guidance under Article 6.2, relating to internationally transferable mitigation outcomes, including **guidance to ensure that double counting is avoided on the basis of a corresponding adjustment by Parties** for both anthropogenic emissions by sources and removals by sinks covered by their nationally determined contributions under the Agreement. Decision 1/CP.21, para. 36. SBSTA has also been requested to develop rules, modalities and procedures for the mechanism established by Article 6.4 (Decision 1/CP.21, para. 37-38).

Accounting guidance in relation to Article 6.2 will have to address the promotion of sustainable development, and how environmental integrity and transparency, including in governance, will be ensured. It will also have to establish systems and tools to avoid the double counting that may arise in many ways, and be integrated with rules established in relation to other Article 6 provisions.

Internationally-agreed guidance must be in place at the international level before mitigation outcomes are transferred between Parties for use toward NDCs, and the proper application of this guidance must be a condition precedent for the recognition of transferred outcomes.

The implications of developments under ICAO and IMO for accounting under Articles 4 and 6 warrant consideration.

F. G. PROCESS GOING FORWARD FROM MARRAKECH ON DEVELOPMENT OF FURTHER GUIDANCE ON ACCOUNTING

Useful tools to advance guidance on accounting include:

- Technical paper(s) from the secretariat on lessons learned under the Convention and its related legal instruments for accounting and the implications of these lessons for achieving the mandate of the Paris Agreement, options for addressing issues and the implications of these options
- One or more workshop(s) to develop draft guidance on accounting
- Work plan for delivery of guidance by 2018

Paper no. 3: Slovakia and the European Commission on behalf of
the European Union and its member States

**SUBMISSION BY THE SLOVAK REPUBLIC AND THE EUROPEAN COMMISSION ON BEHALF OF
THE EUROPEAN UNION AND ITS MEMBER STATES**

This submission is supported by Albania, Bosnia and Herzegovina, the Former Yugoslav Republic of Macedonia and Serbia.

Bratislava, 6 October 2016

Subject: 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 of nationally determined contributions, as specified in paragraph 28; and (c) accounting for Parties' nationally determined contributions, as specified in paragraph 31

1. Introduction and reflection on current situation

Summary

Further guidance should help Parties meet the challenge of preparing, communicating and accounting for successive nationally determined contributions (NDCs) that live up to the requirements of the Paris Agreement. At the same time, the guidance needs to take account of the diversity of contributions and the fact that they are nationally determined.

First, we need to build on the Paris Agreement to identify the common features of NDCs. Second, we need to enhance the Lima guidance on the information needed for the clarity, transparency and understanding of NDCs, reflecting the differences in NDCs and new elements of the Paris Agreement, in a manner that also facilitates Parties in preparing and updating their existing and successive NDCs. Third, we need to elaborate accounting guidance that allows Parties to understand what they need to do to demonstrate progress and facilitate achievement of their NDCs and implements the principles such as avoidance of double counting in the tracking of progress.

This work is time critical. Sufficient time needs to be allocated to each sub-item to ensure guidance is available to assist Parties in communicating or updating their contributions by 2020.

For many Parties, preparing the first INDC was a challenge, given our collective lack of experience with elaborating such contributions and the limited time for preparation prior to COP21. It was a tremendous achievement that so many Parties succeeded in submitting their INDC before or during COP 21. Now Parties will be able to benefit from this experience when preparing, communicating and maintaining successive NDCs, as the Paris Agreement requires.

To reflect the experiences with elaborating the INDCs and to assist Parties in meeting the challenge of preparing their second and subsequent NDCs, the mitigation section of decision 1/CP.21 provides for guidance to be developed on the features of NDCs, information to facilitate clarity, transparency and understanding of NDCs, and accounting for NDCs.

These mandates reflect the assessment of Parties that further guidance would be useful. It needs to take into account the common elements as well as the diversity of Parties' contributions. It also needs to integrate the principle that NDCs are nationally determined, together with the requirements under the Paris Agreement (such as the requirement to provide the information necessary for clarity, transparency and understanding), and will eventually help in fulfilling the mandate

of the enhanced transparency framework to track progress made in implementing and achieving individual nationally determined contributions (as in Article 13).

The guidance to be developed will apply to the second and subsequent NDCs. However, Parties can use this guidance, should they wish to do so, also for voluntarily updating their first NDC recognising that some elements of the guidance will evolve over time.

Each of these sub-items should be considered individually, since they have their own characteristics and each has a separate mandate under decision 1/CP.21. At the same time, it is also important to ensure internal consistency between the different elements of the guidance. There are also close links with guidance being developed under other articles of the Paris Agreement (for example, the tracking of progress towards implementation and achievement of NDCs under Article 13).

This work is time critical; Parties will communicate or update their contributions by 2020 in line with paragraph 23 and 24 of the decision 1/CP.21. Sufficient time needs to be dedicated to common reflection on each sub-item to ensure further guidance is available in a timely manner to assist Parties in defining and communicating their successive NDCs.

2. Features of nationally determined contributions (NDCs)

Important points were made by Parties during the brief discussions on NDC features during the May 2016 Bonn session, including that Parties should reflect on the submitted INDCs and their experiences in preparing them to inform discussions on what further guidance is needed.

This is a sensible and logical approach that we can build on to take forward the features discussion.

What are NDC features?

Features are the common characteristics that NDCs have, such as the fact they must include information to facilitate clarity, transparency & understanding and that each successive NDC will represent a progression beyond the Parties' then current NDC and reflect its highest possible ambition.

Although the features themselves are common to all NDCs, in many cases Parties may be able to choose how to reflect them in their contributions. For example, while all NDCs have a mitigation component, Parties have reflected this in differing ways in the submitted INDCs, including as co-benefits resulting from Parties' adaptation actions and/or economic diversification plans, and through their indications concerning the use of cooperative approaches under Article 6 of the Paris Agreement.

Features of a NDC will give rise to a need for specific information to communicate implementation and track progress. For example, the feature of intending to use cooperative approaches under Article 6 of the Paris Agreement indicates a need for specific information in this area. Guidance regarding some of these specific information needs will be developed in separate mandated discussions, including those on providing information necessary for clarity, transparency and understanding, and accounting for emissions & removals corresponding to each NDC.

How to develop further guidance?

In keeping with the suggestions made by Parties during the Bonn session, the EU suggests that further discussions on NDC features should build on the experience of elaborating the INDCs, and focus on how further guidance can ensure their common characteristics are reflected in future contributions, in a manner coherent with the other mandates to develop guidance under Decision 1/CP.21 (such as communicating clarity, transparency & understanding, accounting for emissions & removals, and tracking progress in implementing and achieving the NDCs).

Key question:

1. How can further guidance on features be elaborated that covers the general characteristics of all NDCs, while recognising their diversity?

3. Information to facilitate clarity, transparency and understanding of nationally determined contributions

Why do we need more guidance on accompanying information?

The information that Parties provide alongside their NDCs to ensure their contributions are clear, transparent and understandable is critical. The diversity of NDCs reflects the diversity of national circumstances and is what has enabled participation by almost every UNFCCC party. But it also poses challenges for understanding what each Party has offered to do, for aggregating Parties NDCs, and for tracking our individual and collective progress, including in relation to our shared long-term goals at the Global Stocktake.

The mandate to further elaborate the information to be provided by Parties communicating their NDCs clearly demonstrates that Parties felt the guidance agreed in paragraph 14 of 1/CP.20 (and referred to in paragraph 27 of 1/CP.21; hereafter called the ‘Lima guidance’) needed to be improved. Analyses of the INDCs in the UNFCCC Secretariat’s updated synthesis report *Aggregate effect of the intended nationally determined contributions* bears this out. In many cases, the information provided with the INDCs is insufficient to understand what Parties are contributing, e.g. due to a lack of reference level or baseline information.

How could the guidance on accompanying information be improved?

The Lima guidance can be improved/complemented in two ways:

- in terms of the level of detail, including essential information needed for the understanding of the different types of NDCs and facilitating thereafter their tracking.
- in terms of new elements in the Paris Agreement (see below).

More detailed guidance is needed on four important issues identified in the Lima guidance that are central to the understanding of Parties contributions and where we collectively stand:

- *methodologies, key assumptions and parameters*: in particular, related to the reference point or baseline used (with accounting guidance relevant to this to be negotiated under the separate mandate);
- *quantification of expected future emission levels* and/or reductions compared to the reference case and current emission levels
- *expected use of cooperative approaches under Article 6* (with guidance relevant to this to be negotiated under the separate mandates related to accounting for NDCs and the use of cooperative approaches under Article 6); and
- how the *land sector* is considered in the NDC.

To be useful to Parties, this guidance needs to accommodate the diversity of NDCs. To this end, we would like to consider a simple typology of mitigation components on the basis of the submitted INDCs. This could be used to elaborate both where specific guidelines, on top of general requirements for accompanying information, are needed for particular types of contribution, and what these guidelines should be³.

³ Indicative examples of a simple typology can be found in the UNFCCC Secretariat’s INDC Synthesis Report and the OECD CCXG report of May 2016 *Unpacking Provisions Related to Transparency of Mitigation and Support in the Paris Agreement*.

The Paris Agreement has also established new elements that could be reflected in the information accompanying NDCs, including:

- In line with Article 4(3), each Party's successive NDC will represent a progression beyond the Party's then current NDC and reflect its highest possible ambition. Parties could then be required to explain how their new NDCs represent a progression and constitute their best efforts.
- According to Article 4(19), all Parties should strive to formulate and communicate long-term low greenhouse gas emission development strategies. Parties that have voluntarily done so may indicate how their NDCs relate to their long-term low GHG emission development strategies. More generally, Parties may provide information on how their NDCs relate to their national development strategies and pursuit of Sustainable Development Goals.

We recognize that not all guidelines may be applicable to all types of contributions. Further guidance on the accompanying information should not constitute an unreasonable burden, interfere with the nationally determined nature of NDCs, nor prejudice their level of ambition. Accordingly, Parties should collectively consider what pieces of accompanying information would be common, what pieces would be critical for understanding different types of contributions, and which pieces of information could be encouraged and/or be optional.

How can we take discussions forward?

A good place to start would be to share and evaluate the experiences of Parties in using the Lima guidance, and of the Secretariat in synthesizing the INDCs, with the aim of identifying gaps and needs for clearer guidance.

Next, we could discuss how the gaps and needs identified could best be dealt with. We should further discuss the implications of the diversity of NDCs for the specific information requirements for clarity, transparency and understanding of different types of contributions. We also would need to consider if and how new elements in the Paris Agreement need to be reflected in the guidance.

Finally, we could consider what pieces of accompanying information should be mandatory, encouraged and/or optional.

Key questions:

1. *What lessons can be learned from the application of the Lima guidance?*
2. *How can further guidance accommodate the understanding of the diversity of NDCs?*
3. *What new elements of the Paris Agreements could be considered in elaborating further guidance?*

4. Accounting for Parties' NDCs

General understanding and approach

Accounting guidance builds upon the common transparency framework under Article 13 and together, they constitute the essential tools to build trust and confidence among Parties concerning the implementation of their NDCs.

Accounting guidance defines the rules and modalities for accounting for mitigation contributions that clarify how and which greenhouse gas (GHG) emissions and removals and other relevant parameters should be taken into account when demonstrating progress towards NDCs. Such guidance enables all Parties to understand clearly how they should demonstrate that they achieved their contribution, but also facilitates the understanding how other Parties account for their contributions. The key objectives for accounting guidance is to ensure that the principles outlined in Article 4, paragraph 13 of the Paris agreement

- to promote transparency, accuracy, completeness, comparability and consistency
- to ensure the avoidance of double-counting and

- to promote environmental integrity are implemented in the process of tracking progress with NDCs.

In this regard accounting guidance goes beyond ensuring transparency, and aims at implementing all the principles above in the process of tracking of progress with NDCs.

Areas to be addressed by accounting guidance

The EU sees three key areas of work related to the accounting guidance:

i) How to draw from existing approaches as we develop the accounting guidance.

Paragraph 31 of decision 1/CP.21 indicates that we should draw from approaches established under the Convention and its related legal instruments, as appropriate. These existing approaches were developed in very specific contexts. We want to discuss with other Parties whether we share a common understanding of what these approaches are and discuss which approaches are appropriate to draw from in the context of NDCs, and whether and how these approaches need to be further developed or adapted to work in the context of NDCs.

ii) Further elaborate on the accounting principles and elements identified in Decision

1/CP.21

Paragraph 31 of decision 1/CP.21 identified four objectives to be achieved by the accounting guidance. The EU believes that further guidance may be needed to ensure each of these is achieved.

- (a) *Parties account for anthropogenic emissions and removals in accordance with methodologies and common metrics assessed by the Intergovernmental Panel on Climate Change (IPCC) and adopted by the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement (CMA).*

This requires a CMA decision on (i) the IPCC methodologies for estimating emission and removals and (ii) the common metrics to be used for accounting under the Paris Agreement. Conclusions from SBSTA 44 further stressed that the consideration of common metrics to calculate CO₂ equivalence will be an important part of the work on accounting guidance under APA. A starting point for such discussion could be the information communicated on methodologies and common metrics as part of the INDC submissions.

- (b) *Parties ensure methodological consistency, including on baselines, between the communication and implementation of NDCs.*

Without further guidance, Parties may face difficulties to understand what exactly they are expected to ensure and how they should do this. The EU would like to discuss with other Parties what methodological consistency means and how it can be ensured, answering questions such as which methodologies should be consistent, and what 'communication' and 'implementation' mean and elaborate accounting guidance that helps Parties to understand what they are expected to do.

- (c) *Parties strive to include all categories of anthropogenic emissions or removals in their NDCs and, once a source, sink or activity is included, continue to include it.*

The need for further guidance on this element may arise from the INDCs. There are INDCs that refer to categories of emissions that do not exist as categories/sectors in IPCC Guidelines. The EU's understanding of this provision has been that 'all categories of emissions and removals' refers to those included in GHG inventories, but some Parties chose INDCs that encompass additional categories of emissions. Therefore, some further clarification of 'all categories' may be helpful. We would also like to discuss where and how Parties indicate which categories of anthropogenic emissions or removals are included in their NDCs.

(d) *Parties shall provide an explanation of why any categories of anthropogenic emissions or removals are excluded.*

We need further guidance as to where and when such explanation should be provided.

iii) Elaborate any additional accounting guidance necessary to implement the principles established in Article 4, paragraph 13 in the tracking of progress with NDCs.

Accounting guidance should help all Parties with NDCs to meet their obligation to account in a manner that promotes the principles listed in Article 4(13). The guidance should address all elements necessary to provide a clear and unambiguous procedure for how progress in implementation and achievement of NDCs will be demonstrated. In this respect, the guidance needs to take into account the diversity of NDCs and should not be limited to the issues identified above.

Some key areas should be included in the consideration of accounting guidance which the EU and other Parties raised during the initial discussion at the 1st APA session:

(a) *Issues related to the reference level against which a NDC is expressed, e.g. whether that level is fixed or whether and how it is updated throughout the target period.*

Some Parties have already expressed the intention to update their reference level during the target period. We need to understand how such updating would work, and how the principles established in the PA will be taken into account in the updating process.

(b) *Guidance on general aspects of accounting for the use of cooperative approaches under Article 6 that will complement the Article 6 guidance to be developed under SBSTA item 11.*

The accounting guidance related to cooperative approaches should mainly be elaborated under Article 6, but there are also questions that may need to be addressed in the accounting guidance developed under Article 4.

- For example, how cooperative approaches under Article 6 contribute to and are considered in the tracking of progress with targets for those countries that use them, and where a general overview will be provided of any corresponding adjustments to avoid double counting.

The EU's submission on *Guidance on cooperative approaches referred to in Article 6, paragraph 2* provides further detail on the EU's thinking on accounting for approaches under Article 6.

(c) *Many INDC submissions address specific accounting elements of the land-use sector, e.g. related to harvested wood products, natural disturbances or the use of forest reference levels. Accounting guidance should take into account approaches represented in the NDCs.*

The question on how to draw from existing approaches in developing the accounting guidance is important for the land-use sector, as for this sector quite different accounting approaches have been developed in the past.

Accounting guidance should therefore provide a frame within which a clear and transparent accounting on basis of existing approaches will be ensured. We would also like to discuss whether accounting guidance needs to address additional elements arising from NDCs to assist all Parties with diverse NDCs in tracking of progress.

Some of the guidance may be common to other sectors, but doubtless there will be specific needs for the land-use sector accounting that will need to be considered.

(d) We also should consider whether and what additional guidance is needed to accommodate the diversity of NDCs.

What type of accounting guidance is needed?

The PA established the general accounting principles. To be able to address the different issues outlined above and the diversity of NDCs, the EU expects that the type of guidance developed will not be of a monolithic nature. Instead, the provisions of the accounting guidance may differ in:

Applicability: Some provisions will be relevant to all (or almost all) NDCs, whereas others will be relevant only in certain circumstances.

- For example, accounting guidance related to cooperative approaches under Article 6 would only apply to Parties that use cooperative approaches.
- Nature: Different provisions could provide different types of guidance.
 - For example, some provisions might define specific *methodologies or rules*
 - such as required in paragraph 31(a) on methodologies and common metrics.
 - Others may detail the *process* Parties should follow when tracking progress of their NDCs
 - such as how and when reference levels can be updated.
 - Others could present *options* of approaches available under the Convention and its instruments from which Parties may choose in the accounting for certain aspects of their NDCs.
 - This is an indicative list; each provision will need to be considered in turn to determine what type of guidance would be most appropriate.

What could be the way forward?

The previous parts show that a substantial amount of technical work is needed to develop the accounting guidance mandated by Article 4, paragraph 13, and sufficient time should be dedicated to this mandate. Additional technical meetings either pre-sessional or intersessional should be held on the basis of Parties' submissions, the discussions at COP 22 and the secretariat's synthesis report on the INDCs, taking into account the budgetary implications. The discussion could be structured along the following areas

1. How to draw from existing approaches as we develop the accounting guidance.
2. Further elaborate on the elements and principles identified in paragraph 31 (a) to (d) of decision 1/CP.21.
3. Identify and develop additional accounting guidance that might be needed to address the diversity of NDCs.

Further calls for submissions related to specific elements of accounting guidance would also facilitate the discussion.

Key questions:

1. *What accounting guidance is needed to help Parties with diverse NDCs to understand how they are expected to demonstrate progress and achievement of NDCs?*
2. *What accounting guidance is needed to facilitate the understanding of how Parties with different types of NDCs track progress with their contributions?*
3. *What common accounting guidance is needed to ensure the principles outlined in Article 4, paragraph 13 in the implementation of NDCs?*

Paper no. 4: Switzerland on behalf of the Environmental Integrity Group

EIG's views on features, information, and accounting of mitigation NDCs

APA Agenda Item 3

The EIG is pleased to submit its views on APA 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 of nationally determined contributions, as specified in paragraph 28; and (c) accounting for Parties’ nationally determined contributions, as specified in paragraph 31*”.

1. General remarks

The EIG welcomes the successful adoption of the Paris agreement last December in Paris. In our view, it marks a cornerstone in global and collective efforts to combat climate change. It is a fair, dynamic, robust, universal, and legally binding agreement that will shape our future actions and represents a signal to people and stakeholder around the world that all Parties are willing to and will do their part in combatting climate change. Such a universal agreement that is applicable to all and calls on all Parties to reduce greenhouse gas emissions is vital for an effective global response to climate change. This is at the heart of the agreement and is reflected in Article 4 of the Paris agreement which contains provisions for the mitigation contributions of Parties, including that each Party shall prepare, communicate and maintain successive nationally determined contributions (NDCs) and pursue domestic mitigation measure with the aim of achieving them (Art. 4.2). In order for the new agreement to be universal and applicable to all, it allows Parties to nationally determine their contributions. This means that all Parties decide by themselves what their contribution to the overall effort to reduce greenhouse gases is. This allows Parties to take into account their specific national circumstances and mitigation potentials.

In the run-up to Paris, almost all Parties submitted their intended nationally determined contributions. In order to make sure all Parties can contribute the type of the contributions has not been defined. Accordingly, Parties chose different NDC types, such as absolute economy-wide targets, reductions compared to business-as-usual projections (BAU), intensity or peaking targets. The self-determination of Parties contributions as well as the choice of NDC type is enabling, although challenging: for other Parties to understand what Parties intend to do and to track progress towards it, it is essential to accompany NDCs with robust information to facilitate clarity, transparency and understanding of them. And also some common characteristics of NDCs (features) and guidance for accounting shall be further developed.

The work program on APA item 3 therefore is essential to provide guidance for better understanding and comparing individual NDCs to track progress of their implementation.

2. Features of NDCs

Features are the characteristics making sure NDCs of Parties are comparable even though they are diverse in terms of commitment type, time frame, ambition etc. They are important to complement the national determination of Parties mitigation contributions. In Paris, Parties were able to agree on a few first features for mitigation contributions such as the provision to formulate new NDCs that present a progression beyond current NDC. This makes sure Parties are not backsliding from the effort of their previous NDC. Further, the mitigation contributions of Parties will reflect Parties highest possible ambition. Concerning the form of the mitigation contributions, developed Parties should continue taking the lead by undertaking economy-wide absolute emission reduction targets and others are encouraged to move over time towards such targets. The importance of increasingly comprehensive mitigation contributions is also reflected in the provision to strive to include all categories of anthropogenic emissions and removals in Parties NDCs. For effective global emission reductions, it is essential that Parties are not leaving out sectors in their NDC that provide for

a considerable amount of their national greenhouse gas inventory. Another feature that the EIG has been calling for¹ and which is reflected in the Paris Agreement is that Parties shall pursue domestic mitigation measures with the aim of achieving mitigation NDCs. This ensures the implementation of national policies towards the achievement through concrete and effective domestic laws, policies and measures. While all Parties have to increase robustness and ambition of their NDCs over time, LDCs and SIDS are encouraged to strive for it in the light of their special circumstances. In negotiating further guidance on features under the APA work programme, Parties can benefit from the experiences made by formulating their first INDCs. In fact, the synthesis report by the Secretariat on the aggregate effect of the INDCs has highlighted that most of the INDCs formulated reflect already a lot of features. Based on this positive experience, the EIG proposes the following features for NDCs to be adopted by the CMA:

- Be quantifiable: Quantification of mitigation contributions is essential to assess the collective efforts towards the long-term goal. Furthermore, it can help Parties to evaluate the effectiveness of contributions and related policies domestically, and enables tracking progress towards the NDC.
- Clearly present national GHG emission reduction capacity without support: This is useful for other Parties to understand what a Party can do itself and which actions and policies might need additional support to be implemented. It is also important for the Parties to know what they are able to achieve themselves and to detect additional mitigation potential, which could be exploited by additional support. For the global community this information is essential to be able to assess the global impact of truly realized emission reductions.
- Cover all significant emission sectors.
- Reflect a link to long-term low greenhouse gas emission development strategies (LEDS), if applicable.
- Be based on real and meaningful data/baselines.
- LDCs and SIDS, in the light of their special circumstances, should be encouraged to apply these features.

3. Information to facilitate clarity, transparency and understanding of NDCs

Information Parties shall submit in order to facilitate clarity, transparency and understanding of their NDCs are important for several reasons:

- to enhance domestic implementation of NDCs;
- to understand the impact of the implementation of NDCs; - to enable the assessment of global ambition; and - to build trust.

Paragraph 27 of 1/CP.21 already defines a set of information that may be provided by Parties: “*quantifiable information on the reference point (including, as appropriate, a base year), time frames and/or periods for implementation, scope and coverage, planning processes, assumptions and methodological approaches including those for estimating and accounting for anthropogenic greenhouse gas emissions and, as appropriate, removals, and how the Party considers that its nationally determined contribution is fair and ambitious, in the light of its national circumstances, and how it contributes towards achieving the objective of the Convention as set out in its Article 2*”.

This decision is in accord with paragraph 14 of 1/CP.20. In Lima, Parties took this decision at a moment in time when Parties were still in the process of preparing their first INDCs. The synthesis report prepared by the Secretariat of the UNFCCC showed a wide range for the expected effect of the implementation of the INDCs. This is because of the various assumptions and conditions specified by Parties, but also because of the uncertainties associated with gaps in information².

The report shows that clear and understandable information are essential and that the information Parties put forward are not yet enough to get a full picture of the aggregated efforts. Therefore, further guidance on the specific elements of paragraph 27 of 1/CP.21 is needed for Parties to be able to fully understand the contributions despite the different forms.

¹ See EIG submission on ADP workstream 1 (5.6.2014)

² Paragraph 40 in the updated synthesis report by the Secretariat: <http://unfccc.int/resource/docs/2015/cop21/eng/07.pdf>

The EIG is of the view that the following information is to be provided by all Parties for every mitigation contribution - while LDCs and SIDS, in the light of their special circumstances, should be encouraged to do so:

- information on the contribution: type of contribution and estimated level of emissions in the target year/period including expected emissions or removals thereof through the land sector and whether internationally transferrable mitigation outcomes will be used.
- quantifiable information on the reference point/level (including, as appropriate, a base year)
- time frames and/or periods for implementation
- scope and coverage: GHGs and sectors covered + % of national inventory covered
- planning processes
 - o information on how a Party plans to anchor its contribution in national policies, measures and laws
 - o information on any conditionality of the contribution including criteria of its fulfilment
- assumptions and methodological approaches including those for estimating and accounting for anthropogenic greenhouse gas emissions and, as appropriate, removals.
 - o GWP used
 - o Accounting approaches used in the land sector including e.g. on categories/activities included and information on reference point/level
 - o Accounting approach used for any internationally transferred mitigation outcome (ITMO), if used; o Parameters, assumptions and methodological approaches used for determining the reference point/level including the data source
 - o For contributions depending on non-GHG parameters (e.g. GDP, population), information on past and future trends of the parameters used, as precise as possible
- how the Party considers that its NDC is fair and ambitious, in the light of its national circumstances.
 - o information on approaches and concepts that the Party has used to operationalize equity and fairness considerations
- how the NDC represents a progression beyond the current NDC
- how the NDC contributes towards achieving the objective of the Convention as set out in its Article 2
- how it takes into account the outcome/output of the global stocktake

4. Accounting guidance for NDCs

In Paris, Parties agreed that all Parties shall account for their NDCs (Art. 4.13). Furthermore, decision 1/CP. 21 paragraphs 31 and 32 define more concretely a set of accounting guidance and establish a work programme for the development of further guidance. This work ahead faces challenges: Parties have different experiences with accounting and submitted different NDC types.

A robust accounting framework is the backbone of the Paris agreement. In our views, it serves several **purposes**. It:

- o ensures accountability (tracking progress),
- o increases the understanding of Parties contributions, policies and circumstances,
- o provides for an increased level of comparability between the NDCs,
- o ensures environmental integrity and
- o builds confidence and trust among Parties.

Therefore, the EIG is of the view that all Parties shall use an agreed common set of metrics and methodologies in accounting emissions and removals towards their NDC including for the land sector. LDCs and SIDS are encouraged and their capacity should be enhanced to do so as well. These metrics and methodologies have to build on the experiences and approaches taken by Parties to date, as agreed in Art. 4.14. The following common guidance is needed for the post-2020 mitigation contributions:

- use of IPCC guidelines: use when capacity permits 2006 IPCC Guidelines for National Greenhouse Gas Inventories. If not, then explain the choice and what barriers or constraints prevented from doing so and explain actions taken to move to 2006 IPCC guidelines;
- common accounting principles for the land sector: any future decisions should build on general principles for all sectors as per 1/CP.21 paragraph 31 and Article 4.13, including comprehensiveness, be based on most recent IPCC guidance, when using a reference level approach ensure transparency through assessment or review and build on existing guidance, and exclude the effects of natural disturbances and legacy consistent with IPCC guidance;
- core guidance on setting mitigation NDC types such as “business as usual” (BAU) target, intensity target, etc.;
- all sectors and gases with significant impact on the atmosphere (as agreed) are to be reflected in the contributions, including the categories of the land sector;
- guidance on avoidance of double claiming to make sure units are not counted towards more than one NDC/contribution;
- provisions to improve accounting rules over time.

5. Way forward

The EIG is of the view, that technical work on these three elements of APA Item 3 need to start Marrakech. Therefore, fair amount of time needs to be dedicated to APA Item 3 through a separate informal consultation. In order to allow in-depth technical discussions, specific time needs to be allocated for Parties to discuss mitigation information, features and accounting separately, e.g. through time bound informal consultations.

The EIG stands ready to engage actively in negotiations under APA Item 3 and is fully committed to a robust and comprehensive operationalization of the mitigation provisions of the Paris agreement.

Paper no. 5: United States of America

United States' Submission on Article 4 guidance**Introduction**

The United States is pleased to share 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 of nationally determined contributions, as specified in paragraph 28; and (c) accounting for Parties’ nationally determined contributions, as specified in paragraph 31.” At the outset, the United States would like to offer a point on terminology. The term “nationally determined contribution (“NDC”) in Article 4 of the Paris Agreement refers to a mitigation contribution that is updated and communicated on a regular cycle, and subsequently reported upon and reviewed under Article 13.

Pursuant to Article 7.11 of the Paris Agreement, Parties may choose to include a voluntary adaptation component in their NDC, and, indeed, many Parties have chosen to do so. That said, when a Party adds a voluntary component such as adaptation to its NDC, this does not, of course, mean that this additional, voluntary element becomes subject to the provisions of Article 4 on updating, communicating, accounting for, and so on, nor does it become subject to the reporting and review provisions for NDCs in Article 13 (*i.e.*, Parties are not required to provide information on progress towards and achievement of their adaptation component, nor is their adaptation component subject to technical expert review and multilateral consideration). Indeed, the provisions of Article 4 and the provisions on NDCs in Article 13 apply solely to mitigation.

Consequently, the guidance to be developed under APA Agenda Item 3 relates solely to mitigation.

Mitigation actions are a core element of the Paris Agreement. Parties are accorded wide discretion in devising mitigation actions that fit their respective national circumstances and capabilities. At the same time, it is vital for the functioning of the Agreement that Parties be clear and transparent about what they are undertaking and their progress in implementing and achieving their actions. The Agreement already contains certain important elements related to features, information for clarity, transparency, and understanding, and accounting. This submission addresses ways in which these elements could be usefully expanded and particularized.

Features

- The Paris Agreement already established certain “features” or common characteristics or elements of NDCs. For example, every NDC is nationally determined and must contain a Party’s mitigation target.
- The guidance requested under paragraph 26 of the Paris decision may elaborate upon or add to these features of NDCs.
- The United States has long considered it desirable for mitigation targets to be quantified or quantifiable. Quantified/quantifiable targets facilitate tracking of progress towards targets, as well as accurate aggregation of mitigation efforts.

Information for clarity, transparency, and understanding

- The Paris Agreement requires Parties to provide the information necessary for clarity, transparency, and understanding their mitigation targets, and paragraph 27 of the Paris decision lays out types of information that Parties may provide.
- The list in the Paris decision is identical to the list adopted in the Lima decision, which applied to INDCs submitted before Paris.
- The United States believes that this list provides a good starting point for the information needed for clarity, transparency and understanding of NDCs, but that our experience with the first round of NDCs demonstrates that the list does not provide the specificity to meet the objectives of clarity, transparency, and understanding.
- The synthesis reports published by the UNFCCC Secretariat to date support this view. They show that many INDCs lack key pieces of information that are needed to understand them. These information gaps present several challenges:
 - First, they make it difficult to understand the mitigation targets that Parties are taking on in the first instance.
 - Second, without clear information on what Parties are aiming to achieve, it is difficult to understand what progress is being made toward such achievement.
 - Third, these information gaps make it very difficult to assess global progress towards the Paris Agreement's global temperature goal.
- Further guidance on information might:
 - provide additional specificity with respect to the general categories of information listed in para. 27; and/or
 - identify new categories of information beyond the existing list.
- For example, the prevalence of BAU-type targets and the number of BAU targets that contain information gaps, suggest that listing specific categories of information needed to understand this kind of target would be quite useful. (e.g., quantified emissions at the reference point; projected emissions at the target date; methodologies/assumptions/data sets underlying the BAU projection; and so on.) While a Party with a BAU-type target would have gathered such information in preparing its NDC, it may not have been aware that including it in the NDC would be critical to understanding and tracking its target. Other target-types are likely to benefit from a more specific list of information categories as well.
- In light of similar gaps in information on the land sector, further guidance could call out the information needed to understand whether and how a target covers the land sector (e.g., identify accounting methodology for sources and removals; whether accounting factors in harvested wood products or natural disturbances; etc.)
- The guidance should also prompt a Party to describe whether and how it intends to use internationally transferred mitigation outcomes, which will be an important factor in tracking progress toward a mitigation target.

Accounting

- Under Article 4.13, Parties are to account for the emissions and removals corresponding to their respective mitigation targets in a manner that promotes environmental integrity,

transparency, accuracy, completeness, comparability and consistency, and ensures the avoidance of double counting.

- Para. 31 of the Paris decision already identifies four core components of the accounting guidance under the Paris Agreement.
- The United States believes that the process of developing accounting guidance should begin with the consideration of how best to operationalize those core components.
- For example, para 31(b) calls on Parties to ensure methodological consistency throughout the life of an NDC, *i.e.*, from communication through its implementation. In order to do that, each Party will need to transparently report on the data, assumptions, and methodologies throughout the implementation period. In other words, operationalizing this component may entail simply including it in the accounting guidance, and then reflecting in the enhanced transparency system that Parties must transparently report on data, assumptions, and methodologies throughout implementation.
- A similar process of operationalization should be applied to the remaining 3 components, and then Parties should consider whether and what additional guidance is needed.
- Finally, the accounting guidance will also need to incorporate the guidance developed per paragraph 37 of the Paris decision, which calls for the development of guidance to ensure, *inter alia*, the avoidance of double counting.

Next steps: starting a constructive conversation

- We propose that the way forward is to engage in a conversation, preferably through one or more technical workshops, about lessons learned from Parties' experiences to date.
 - We would start that conversation with a focus on Parties' experiences in determining what information to put forward in their INDCs. Parties could volunteer to present their experiences, to explore how the Lima Decision list was helpful and ways it was not, and other factors (data gaps; capacity; etc.) that informed their experiences. The discussion would, of course, be facilitative, supportive, and non-intrusive.
 - Guided by these conversations, we can focus in on the specific guidance on information that Parties need most to ensure that future NDCs are clear and transparent. Outside experts could be invited to present on the kinds of information that is needed to understand different NDC types.
 - A better empirical understanding of the challenges in clarifying mitigation targets will not only support the development of guidance on information. It will also provide a useful starting point for discussions of features and accounting. For example, understanding common challenges to communicating clear and understandable BAU targets can enhance the discussion of accounting for progress towards BAU targets.
 - Further technical workshops may also be useful to explore the challenges revealed in the first workshop.
-