

WORK OF THE CONTACT GROUP ON ITEM 3

Section J

10 February 2015@15.15h

**J. [Transparency of action and support]<sup>1</sup>**

[General]

64. **Option 1:** A transparency framework, applicable to all Parties and differentiated between [developed] [Parties included in annex X] and [developing country Parties] [Parties not included in annex X], under the Convention and in accordance with previous decisions of the COP, shall promote transparency of action and support by providing information on the implementation of each Party's commitments / contributions in an efficient and flexible manner, in order to:

- a. Enhance clarity, comparability between [developed countries] [Parties included in annex X], accountability and mutual trust and to promote ambition / progressive enhancement;
- b. Facilitate the tracking of progress in the implementation of commitments / contributions;
- b bis. Provide the clearest possible understanding of aggregate emissions relative to emission pathways consistent with limiting the global average temperature increase to below 2°C or 1.5°C above pre-industrial levels;
- c. Ensure that commitments / actions and provision of support by [Annex II Parties] [Parties included in annex Y] [all countries in a position to do so] are implemented and complied with and verified through a robust verification system, and facilitate the comparison of MRV of all types of support received with the needs expressed and identified by [developing country Parties] [Parties not included in annex X];
- d. Facilitate / Ensure the use of mitigation outcomes resulting from international / national market-based mechanisms in the accounting of each Party's commitments / contributions;
- e. Avoid double counting;
- f. Ensure the environmental integrity of this agreement;
- f bis. Enhance transparency and accountability on finance, technology and capacity-building support provided by developed country Parties to developing country Parties through robust accounting rules and MRV system.

**Option 2:** A [single] / common transparency framework, applicable to all Parties, [taking into account their common but differentiated responsibilities and respective capabilities in the light of different national circumstances and recognizing that Parties shall progressively enhance the level of transparency such that it is strengthened and more robust relative to the level currently existing under the Convention,] shall promote transparency of action and support by providing information on the implementation of each Party's commitments / contributions in an efficient and flexible manner, [recognizing that Parties with the least capacity may need additional support to do so,] in order to:

- a. Enhance clarity, comparability, accountability and mutual trust, and promote ambition;
- b. Facilitate the tracking of progress in the implementation of commitments / contributions;
- b bis. Provide the clearest possible understanding of aggregate emissions relative to emission pathways consistent with limiting the global average temperature increase to below 2°C or 1.5°C above pre-industrial levels;
- c. Promote the implementation of action and support, and ensure that efforts are verified through a robust verification system;
- d. Facilitate the use of mitigation outcomes resulting from international market-based mechanisms in the accounting of each Party's commitments / contributions;
- e. Avoid double counting;
- f. Ensure the environmental integrity of this agreement;

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<sup>1</sup> Headings and subheadings used throughout these elements for a draft negotiating text are provisional and only intended to orientate the reader.

g. Provide the necessary flexibility to Parties through the use of tiers or 'opt-out' provisions;

g bis. Enhance transparency and accountability on finance, technology and capacity-building support provided by developed country Parties to developing country Parties through robust accounting rules and MRV system.

**Option 3:** All Parties shall promote transparency of action and support by providing information on the implementation of each Parties' commitments under the Convention, taking into account their common but differentiated responsibilities and their specific national and regional development priorities, objectives and circumstances, in order to:

a. Ensure the comparability and accountability of the quantified economy-wide emission reduction targets of [developed country Parties] [Parties included in annex X] in a measurable, reportable and verifiable manner;

a bis. Facilitate the clarity of progress made by Parties that include an adaptation component in their nationally determined contributions;

b. Ensure that [developing country Parties'] [Parties not included in annex X's] support-related commitments are implemented, compiled with and verified through a robust accounting, reporting and verification system;

c. Facilitate the clarity of progress made by [developing country Parties][Parties not included in annex X] on their implementation of actions for addressing climate change and on the support received from [developed country Parties] [Parties included in annex X] [all countries in a position to do so];

c bis. Enhance transparency and accountability on finance, technology and capacity-building support provided by developed country Parties to developing country Parties through robust accounting rules and MRV system.

**Option 4:** A transparency framework, applicable to developed country Parties under the Convention and in accordance with previous decisions of the COP, shall promote transparency of action and support by providing information on the implementation of developed country Party's commitments / contributions in an efficient and flexible manner, in order to:

a. Enhance clarity, comparability between developed countries, accountability and mutual trust and promote ambition / progressive enhancement;

b. Facilitate the tracking of progress in the implementation of commitments;

c. Continue and further strengthen the mandate of the Standing Committee on Finance in relation to the MRV of support and ensure that commitments and the provision of support by developed country Parties are implemented and complied with and verified through a robust verification system, and facilitate the comparison of the MRV of all types of support provided with the needs expressed and identified by developing country Parties;

d. Avoid double counting of financial support provided from developed country Parties to developing country Parties;

e. Ensure that developing country Parties' support-related commitments are implemented and verified through a robust accounting, reporting and verification system.]

64 bis. Each Party shall establish and maintain national arrangements for monitoring, reporting and verification under the transparency framework in accordance with common guidelines which reflect national circumstances.

65. **Option 1:** The transparency framework shall encompass MRV of emissions and removals[, support from developed country Parties to developing country Parties] and the accounting of commitments / contributions, including those related to support, and shall be based on agreed rules / be based on existing MRV arrangements under the Convention and / be guided by:

**Option (a):**

a. Article 12 of the Convention;

b. Taking into account the differing national circumstances / common but differentiated responsibilities / the unique circumstances / and respective capabilities of Parties;

c. Accommodating different contributions and countries' differing capacities; and/or providing for differentiation in reporting and the common international review of reports;

d. Avoiding imposing onerous burdens on poor and vulnerable countries or [developing countries] [Parties not included in annex X] and, in particular, the LDCs and SIDS, with respect to support received for adaptation, capacity-building and access to and adoption of appropriate technologies;

e. Recognizing that the transparency framework will evolve, building on existing decisions / experience with existing MRV arrangements;

f. Tracking post-2020 commitments;

- g. Ensuring transparency, accuracy, completeness, comparability and consistency;
- h. [Maintaining or improving levels of transparency over time][Maintaining or improving the scope, frequency, recency and level of detail of Parties' reporting and inventories, with the fulfilment of commitments under Article 4.3 of the Convention];
- i. Building countries' capacities over time and institutionalizing reporting capacity;
- i bis. Minimizing the burden on Parties, the secretariat and the review system;
- i ter. The principles of Article 3 of the Convention;
- i quater. Based on, enhance and improve the existing transparency framework under the Convention and its Kyoto Protocol;
- i quinquies. Building developing country Parties' MRV capacity through a continuous and systematic funding basis;
- i sexies. Avoiding imposing disproportionate/excessive burdens on small State Parties with limited administrative capacities/resources.

**Option (b):**

- a. The principles and provisions of the Convention;
- b. Taking into account Parties' common but differentiated responsibilities and their specific national and regional development priorities, objectives and circumstances;
- c. Consistent with the level of support provided for [developing countries] [Parties not included in annex X];
- d. Recognizing that the transparency framework will evolve, building on existing decisions;
- d bis. Maintaining or improving the scope, frequency, recency and level of detail of Parties' reporting and inventories, with the fulfilment of commitments under Article 4.3 of the Convention;
- d ter. Avoiding imposing disproportionate/excessive burdens on small States Parties with limited administrative capacities/resources;
- d quater. The principles of Article 3 of the Convention;
- d quinquies. Based on, enhance and improve the existing transparency framework under the Convention and its Kyoto Protocol;
- d sexies. Building developing country Parties' MRV capacity through a continuous and systematic funding basis;

**Option 2:** The transparency framework shall encompass reporting through biennial communications, a technical expert review of the submitted biennial communications and a facilitative examination of the implementation of efforts, and shall be based on agreed rules. [Where the expert review identifies that methodologies adopted by the governing body for the estimation of emissions and removals have not been used appropriately by a Party, appropriate technical corrections shall be calculated by the expert review.]

**Option 3:** The transparency framework shall encompass ongoing mechanisms on MRV under the Convention, in particular those related to support, of emissions and removals and the accounting of commitments / contributions, including those related to support, and shall be based on agreed rules for developed countries and / be based on existing MRV arrangements under the Convention and previous COP decisions for developing countries and / be guided by:

- a. The principles and provisions of the Convention;
- b. Taking into account Parties' common but differentiated responsibilities and their specific national and regional development priorities, objectives and circumstances;
- c. Avoiding imposing onerous burdens on particularly vulnerable developing country Parties, including the LDCs and SIDS, with respect to support received for adaptation, capacity-building and access to and development and transfer of environmentally sound technologies;
- c. Consistent with the level of support provided for developing countries;
- d. Recognizing that the transparency framework will evolve, building on existing decisions.]

65 bis above. [Parties that include an adaptation component in their nationally determined contributions under paragraph 26 bis may access international consultative assistance as follows:

- a. Parties referred to in paragraphs 26 bis (a) and (c) above that require adaptation in order to support their sustainable development and that require international assistance in the implementation of their adaptation contributions, respectively, may, on a voluntary basis, include in their national communications and biennial update reports information related to the progress of the implementation of their adaptation contributions;

- b. Parties referred to in paragraph 26 bis(b) above that are capable of implementing adaptation actions beyond those currently undertaken, on a voluntary basis, may submit an action plan on how they intend to implement their adaptation contributions, and have the secretariat maintain a list of these action plans of Parties in an information document that is made available online.]

66. [The transparency framework shall be:

**Option 1:** Built on the existing MRV arrangements under the Convention:

- a. [Developed country Parties] [Parties included in annex X] [Developed country Parties] [Parties included in annex X] and other Parties undertaking quantified emission reduction commitments should report information related to their actions and provision of support to [developing countries] [Parties not included in annex X] in accordance with the provisions of the Convention and relevant decisions of the COP in their national communications, biennial reports and annual inventory reports. All of that information will be subject to the international assessment and review (IAR) and international expert team review), as well as to a compliance assessment for Annex I Parties that are also Parties to the Kyoto Protocol;
- b. [Developing country Parties] [Parties not included in annex X] / Parties not undertaking quantified emission reduction commitments / [Developing country Parties] [Parties not included in annex X] , consistent with their obligations under the Convention, their capabilities and the level of support received from [developed country Parties] [Parties included in annex X] [all countries in a position to do so], should report information on their actions and support received in accordance with the relevant decisions of the COP in their national communications and biennial update reports (BURs), and the BURs will be subject to international consultation and analysis (ICA).

**Option 2:** A common framework with common MRV provisions applicable to all Parties, built on the [experiences with the] existing MRV system that is fit for purpose and offers appropriate flexibility [for the LDCs and smallest countries with minimal emissions] / offers flexibility for [developing country Parties] [Parties not included in annex X] in terms of the level and depth of the application of the common MRV provisions in relation to:

- a. The frequency of reporting;
- b. The broad categories of information to be reported, namely:
- National inventories of emissions and removals;
  - Progress made towards the achievement of mitigation commitments / contributions;
  - [Monitoring and evaluation of adaptation][Information vulnerability to climate change impacts, and policy frameworks and the progress of implementation addressing it, such as national adaptation programmes, plans and policies for developing and implementing adaptation strategies and actions/measures];
  - Tracking the delivery of, and the outcomes achieved through, support.
- c. The consideration of reporting:
- Expert review;
  - A facilitative, multilateral process.

**Option 3:** A single system with common MRV provisions applicable to all Parties from 2020;

**Option 4:** Based on Articles 10, paragraph 2(a) and (b), and 12, paragraphs 1–3, of the Convention:

- a. Enhanced procedures for comparability for [Annex I Parties] [Parties included in annex X];
- More frequent reporting, standardized format, common accounting framework with common base year and expressed in terms of CO<sub>2</sub> eq, projections of emission trajectories / pathways.
- b. Current procedures set up under decisions 1/CP.16 and 2/CP.17 for [non-Annex I Parties] [Parties not included in annex X];

b bis. Enhanced common and rigorous MRV and accounting of support from developed country Parties to developing country Parties on finance, technology transfer and capacity building.

**Option 5:** All Parties shall, on the basis of self-differentiation and national capacity, report information through existing institutions, with no backsliding, and follow the procedural guidelines and provisions provided in the following review methods based on the following tiers:

- a. Monitoring, review and verification under the Convention;
- b. Monitoring, review and verification under the Cancun Agreements;
- c. Monitoring, review and verification under the Kyoto Protocol.

**Option 6:** A common framework with common MRV provisions, applicable to all Parties, building on the existing MRV system and adapted to different commitment types shall include reporting of:

- (a) Consistent time series of national inventories of emissions and removals;
- (b) Progress made towards the achievement of mitigation commitments/contributions including specific information related to the type of mitigation commitment adopted by the Party and how this progress is consistent with the Party's long term strategy towards a low GHG economy;
- (c) Progress towards achieving climate resilient sustainable development;
- (d) Progress made in relation to the provision of support;
- (e) Progress towards improving enabling environments and mainstreaming efforts for transformation to a low GHG economy and climate resilient investments.

Common guidelines taking into account evolving respective capabilities and different national circumstances related to reporting of information shall be developed by the governing body.

**Option 7:** The transparency framework shall be:

- a. Developed country Parties report information related to their actions and provision of support to developing countries in accordance with the provisions of the Convention and relevant decisions of the COP in their national communications, biennial reports and annual inventory reports. All of that information will be subject to the international assessment and review (IAR) and international expert team review, as well as to a compliance assessment for Annex I Parties that are also Parties to the Kyoto Protocol;
- b. Developing country Parties, consistent with their obligations under the Convention, their capabilities and the level of support received from developed country Parties, report information on their actions and support received in accordance with the relevant decisions of the COP in their national communications and biennial update reports (BURs), and the BURs will be subject to international consultation and analysis (ICA).]

66 bis. Developing country Parties should implement the MRV arrangements under this Agreement, and in accordance with Article 12 of the Convention including any further decisions by the Conference of the Parties, taking into account the prompt provision of financial resources to cover the agreed full costs by developed country Parties.

[Commitments]

67. **Option 1:** Each Party to provide, through their biennial communications, verifiable, transparent, consistent and complete, accurate and comparable information, in accordance with previous decisions of the COP, on the implementation of its commitments / contributions / actions, including in relation to mitigation, adaptation, finance, technology development and transfer and capacity-building;

**Option 2:** All Parties commit to participating in an agreed, unified transparency system and to continuously improve transparency;

**Option 3:** Each [developed country Party] [Party included in annex X] shall provide information on: its quantified economy-wide emission reduction target, its policies and actions for implementing that target, adaptation actions, research, development and demonstration actions related to climate-friendly technologies and [provision of financial resources and development and transfer of technology and] capacity-building actions, as well as other relevant information, in order to ensure the provision of consistent, transparent, comparable, accurate and complete information by [developed country Parties] [Parties included in annex X].

Each developed country Party shall provide information on: its quantified economy-wide emission reduction target, its policies and actions for implementing that target, adaptation actions, research, development and demonstration actions related to climate-friendly technologies and capacity-building actions, as well as other relevant information, in order to ensure the provision of consistent, transparent, comparable, accurate and complete information by developed country Parties.

Each developed country Party shall also provide information on the provision of support on finance, technology transfer and capacity-building to developing country Parties with common accounting and reporting methodologies and adherence to UNFCCC accounting and reporting guidelines to ensure the information is consistent, transparent, comparable, accurate and complete.

All information provided by developed country Parties shall be verified through a robust technical review process followed by a multilateral assessment process, and result in a conclusion with compliance consequence.

Each developing country Party should provide information on its actions for addressing climate change consistent with the level of support received. Developing country Parties are encouraged to communicate information, as

appropriate, in a consistent, transparent, complete and accurate manner, taking into account their specific national and domestic circumstances.

The information provided by developing country Parties through BURs will be subject to a technical analysis followed by a facilitative sharing of views among Parties in a manner that is non-intrusive, non-punitive and respectful of national sovereignty.]

- 67 bis. When communicating their contributions, Parties to provide up-front information, along with their proposed commitments/contributions/actions in a manner that facilitate the clarity, transparency and understanding of those commitments/contributions/actions, on the basis of the relevant decisions agreed by the Governing Body of this Agreement.
- 67 ter. All Parties shall use common methodologies and metrics as agreed by the IPCC and adopted by the governing body to determine their greenhouse gas emissions and removals.
68. [All Parties / [Annex II Parties] [Parties included in annex Y] [All countries in a position to do so] / Parties in accordance with their common but differentiated responsibilities, to ensure transparency of support:
- a. MRV of support provided to be enhanced on the basis of national communications, biennial reports, IAR and Kyoto Protocol rules using common but differentiated templates and drawing on the work of the SBSTA on methodologies for the reporting of financial information by Annex I Parties;
  - b. [Developing countries] [Parties not included in annex X] to provide information on support received and its use, recognizing the special circumstances of countries, ensuring that no additional reporting burdens are imposed on [developing countries][Parties not included in annex X];
  - c. [Annex II Parties] [Parties included in annex Y] [All countries in a position to do so] and Parties in a position to do so to provide biennial reports on adaptation support, indicating the level of support that they are providing to [developing country Parties] [Parties not included in annex X], in particular the LDCs, SIDS and countries in Africa, to inform a regular review by the governing body in line with science;
  - d. International financial institutions are invited to provide information on how their development assistance finance incorporates ‘climate proofing’ measures in all forms of support;
  - e. Each Party to provide information on support provided and received, in line with its national circumstances;
- e bis. The level of financial support provided by developed country Parties for purchase of IPR for the developing country Parties to access environmentally sound technologies in order to enhance their action to tackle climate change.]

*[Rules and modalities]*

69. **Option 1:** The governing body shall elaborate the rules related to transparency of action and support, including MRV, as well as related to accounting, in particular rules on the use of market mechanisms and to the land sector in relation to mitigation commitments / contributions, which:
- a. After gathering experience with the agreed transparency system and assessing whether improvement is needed, adjust / enhance / ensure the development of the existing MRV arrangements and accounting rules, building on the experience of existing MRV arrangements, to fit the objectives and purposes of the agreement;
  - b. Ensure harmonization and coordination of existing data systems as well as methodological consistency and commonality in defining and tracking the commitments / contributions;
  - c. **Option (a):** Apply IPCC greenhouse gas inventory guidelines and common metrics agreed under the Convention;  
**Option (b):** Use common metrics and methodologies adopted by the IPCC and agreed by the COP for the estimation of GHG emissions and removals;
- c bis. Common guidelines related to reference levels elaborating the modalities of how methodological consistency should be ensured and under which circumstances changes to reference levels may occur;
- c ter. Common guidelines on national MRV arrangements taking into account respective capabilities and different national circumstances of Parties.

d. Recognize the importance of greenhouse gas emissions by sources and removals by sinks resulting from land-use change and forestry activities for understanding mitigation contributions and progress in achieving targets, commitments and implementing actions;

e. *Option (a)*: Recognize the use of market mechanisms in relation to mitigation commitments / contributions;

*Option (b)*: Recognize the use of the mechanisms defined in Articles 6 and 12 of the Kyoto Protocol and mechanisms defined in the Convention in relation to mitigation commitments.

Recognize the use of market activities in relation to mitigation commitments if they meet standards, to be defined, that deliver real, permanent, additional and verified mitigation outcomes, avoid double accounting of effort, achieve a net decrease and/or avoidance of greenhouse gas emissions and are in conformity with these standards;

e bis. Elaborate on when Parties may change their baselines and related accounting approaches or methodologies;

f. Recognize the importance of accounting of support for adaptation and means of implementation;

g. Use comparable accounting mechanisms for support based on common templates / methodologies and common methodology for MRV for [developed countries] [Parties included in annex X] / [Annex II Parties] [Parties included in annex Y] [all countries in a position to do so];

h. Place greater emphasis on effectiveness of support and include better provisions for reporting on the use of international support and results achieved with support;

i. With respect to the provision and receipt of finance:

- Include / enhance information, consistent with previous decisions of the COP, on support provided and received, including on: delivery, use and impact, sources, scale, channels, instruments, and on South–South cooperation;
- Provide transparency on the levels of financing, what financing is used for, which countries are benefiting, and whether funds are new and additional and outcomes achieved through:
  - *Option (i)*: Accounting rules for: mitigation and adaptation actions and for financial support, as well as public and private resources invested;
  - *Option (ii)*: Accounting rules for [Annex II Parties] [Parties included in annex Y] [all countries in a position to do so] with regard to support.
- Be enhanced based on annual reporting on delivery of climate finance by [developed country Parties] [Parties included in annex X];
- Address the need for a common agreed definition of climate finance and inconsistencies on climate finance data:
  - Providing clarity on what type is most appropriate for what action;
  - Building on the work done by the Organisation for Economic Co-operation and Development Research Collaborative and the SCF on methods for measuring and tracking private climate finance / Building on the work of the SBSTA;

As outlined in the MRV proposal from Ecuador.<sup>2</sup>

With respect to the monitoring and reporting of support from [developed country Parties] [Parties included in annex X] [Annex II Parties] [Parties included in annex Y] [all countries in a position to do so] to [developing country Parties] [Parties not included in annex X] on enhanced action on technology development and transfer:

- Overseen by the TEC / Facilitated by the TEC / Technology Mechanism;
- Develop common format and methodologies for technology support reporting.

k. With respect to the effectiveness of capacity-building support:

- Based on the impact and knowledge created in [developing country Parties] [Parties not included in annex X] against performance indicators at the national level and/or by a committee on capacity-building;
- Be conducted against needs identified by developing country Parties;
- Include an assessment of the effectiveness of capacity-building activities based on performance indicators at the international level;
- Supported by the Durban Forum on capacity-building and the Consultative Group of Experts on National Communications from Parties not included in Annex I to the Convention.

<sup>2</sup> FCCC/AWGLCA/2012/CRP.1.

**Option 2:** The governing body shall elaborate the rules related to transparency of action and support, including MRV as well as accounting, which:

- a. Develop methodologies on the accounting of support on finance, technology development and transfer and capacity-building provided by [developed country Parties] [Parties included in annex X] [all countries in a position to do so] to [developing country Parties] [Parties not included in annex X], including common metrics on the climate finance and quantifiable progress indicators on technology transfer and capacity-building support provided by [developed countries] [Parties included in annex X] [all countries in a position to do so];
  - b. Revise and improve [and further elaborate] the common reporting format on financial support available and provided by [developed countries] [Parties included in annex X] [all countries in a position to do so] to developing countries;
  - c. Develop a common reporting format on the support for technology development and transfer and capacity-building provided by [developed country Parties] [Parties included in annex X] [all countries in a position to do so] to [developing country Parties] [Parties not included in annex X];
  - d. Revise the modalities and procedures of IAR in order to strengthen the review on the progress of provision of financial, technological and capacity-building support by [developed country Parties] [Parties included in annex X] [all countries in a position to do so] to [developing country Parties] [Parties not included in annex X];
  - e. Establish a long-term finance channel under the GCF or the Global Environment Facility to build MRV capacity of [developing country Parties] [Parties not included in annex X] on a continuous basis.
- e bis. A mechanism for the measurement, reporting and verification of support from developed country Parties to developing country Parties shall be established. The objective of this mechanism shall be to address the need for accurate accounting of the provision of funds from developed country Parties to developing country Parties in order to assess compliance with finance obligations for mitigation, adaptation, technology transfer and capacity-building with a view to ensuring robustness and transparency of the Financial Mechanism of the Convention. This mechanism shall be guided by the following;
- a. Measurement shall address those funds exclusively aimed at enabling and supporting enhanced action on mitigation, adaptation, technology development and transfer, report drafting, and capacity-building for developing country Parties, from public, private, bilateral, multilateral and alternative sources;
  - b. In the case of funds provided for multiple purposes, only the share provided solely for climate change shall be counted towards climate change finance;
  - c. Mobilization of funds through leverage and/or official development aid shall be considered complementary and will not be counted as a part of climate finance;
  - d. Mobilization of funds in developed countries for administrative purposes that is indirectly related to the provision of climate change funds towards developing countries will not be considered climate finance;
  - e. A Financial Support Registry shall be established and will be universally accessible in character in order to ensure inclusiveness and transparency to all Parties;
  - f. The origin, intermediaries and characteristics of funds, including funds from private, public, bilateral, multilateral and alternative sources, technology transfer and capacity-building, shall be reported by Parties to the COP through Annex I national communications, additional information submitted from developed and developing countries, including through their national communications, annual reports of operating entities of the financial mechanism, and others;
  - g. Reporting of climate-related support must follow a common, internationally agreed format, and be approved by the COP, in order to allow for comparability, assessment and analysis by the Standing Committee on Finance and by all non-Annex I and Annex I Parties. The format must include information on funded actions, amount effectively disbursed against obligations under the Convention, amount of new and additional funds, sector, financial channels, time frame and instruments (including, inter alia, grants, concessional loans, capital);
  - h. The source and character of funds shall allow for traceability on the part of non-Annex I Parties;
  - i. Developing country Parties that receive funding shall be able to certify the funds received and report on the effective use of funds.

**Option 3:** The governing body shall elaborate the guidelines related to transparency of action and support, by:

- a. Tailoring the post-2020 transparency arrangements to promote its objective;
- b. Developing guidelines for biennial communications regarding;
- c. National circumstances:
  - The national inventory report of emissions and removals;



- A description of nationally determined contribution;
  - Progress in achievement of the NDC, including mitigation actions and their effects, estimates of emissions from the land sector, and the use of units from international market-based mechanisms;
  - Projections;
  - Provision of support, including on the provision of finance, technology transfer and capacity-building;
  - Progress in assessing climate risks and vulnerabilities, and in enhancing adaptation action, including through national adaptation planning processes.
- d. Using common reporting templates wherever applicable and beneficial for enhancing transparency;
- d bis. Parties may exclude, or otherwise manage, the effect of non-anthropogenic factors.**
- e. Elaborating on the following:
- Parties to include all major emission sources and sinks, pools and gases in their contribution;
  - For major sources and sinks, pools and gases that are not included, Parties to include an explanation for their exclusion, and to strive to include these over time;
  - Parties to use the most relevant IPCC guidance and guidelines, as determined by the COP;
  - Parties not to change their accounting approach or methodologies or baseline during the time frame, except in the case of technical corrections;
  - Parties to have projected baselines transparently assessed;
  - Parties that use market-based approaches to meet standards that deliver real, additional, verifiable and permanent emission reductions, avoid double counting of effort and result in a net mitigation benefit;
  - Once a gas, sector, category, activity, area of land or pool is accounted towards a commitment, it shall continue to be accounted for in the future;
  - Parties shall define transparently the methodologies, rules and assumptions used to frame their commitments, in particular those used to calculate the “business as usual” (BAU) projections and work towards common methodologies and rules over time;
  - Parties should be allowed to make corrections to their reference levels if they were higher than what occurred, to ensure that sink credits are only earned for climate performance directly related to anthropogenic measures and not to unexpected macroeconomic circumstances.
- f. Recognizing the importance of greenhouse gas emissions by sources and removals by sinks resulting from land-use change and forestry activities;
- g. Developing guidelines to assist Parties in assessing national climate change impacts, vulnerability and adaptation options;
- h. Developing guidelines for the technical expert review of Parties’ biennial communications;
- i. Developing guidelines for a facilitative examination of Parties’ progress towards their nationally determined contributions;
- j. With respect to the provision and receipt of support and international cooperation, develop guidelines that:
- Elicit information on support provided and received, including on: delivery, use and impact, sources, scale, channels, and instruments;
  - Provide transparency on the levels of financing, what financing is used for, which countries are benefiting, and whether funds are new and additional;
  - Place greater emphasis on effectiveness of support and reporting on the use of international support and results achieved with support;
  - Recognize that a variety of types may be appropriate;
  - Consider the ongoing work under the SCF and the work of relevant bodies outside the Convention.

**Option 4:** No new arrangements for elaborating guidelines related to transparency of action and support and MRV for market measures within this Agreement.

**Option 5:** The establishment and implementation of mitigation commitments shall be guided by the following accounting rules, applicable to all Parties:

- a. Parties shall account for all their significant anthropogenic emissions by sources and removals by sinks of greenhouse gases and the accounting shall be increasingly comprehensive over time;

- b. Once a gas, sector, category, activity, area of land or pool is accounted towards a commitment, it shall continue to be accounted for in the future;
- c. Parties shall define and report the methodologies, rules and assumptions used to frame their commitments, in particular those used to calculate BAU projections and work towards common methodologies and rules over time;
- d. Parties shall ensure methodological consistency between baselines and BAU projections and the emission estimation used during the implementation of the commitments.

The following accounting principles shall apply for the land-use sector:

- a. Parties shall include both anthropogenic emissions by sources and removals by sinks for any land-use category or activity included in its commitment;
- b. Accounting of land-use shall use carbon stock changes over time and exclude carbon stocks, and enable the impact of natural disturbances to be addressed;
- c. Parties shall base their accounting for the land-use sector on realistic and meaningful reference levels building on existing guidance under the Convention and its instruments.]

69 bis. The Governing Body shall elaborate modalities, standards and guidelines to ensure mitigation outcomes traded internationally and used against commitments are:

- a. Real: represent a decrease and/or avoidance of emissions measured against a credible reference level, do not give rise to emissions leakage, and inaccuracies from fraud and error are addressed;
- b. Permanent: irreversible or if reversible measures exist to compensate for any reversal that occurs;
- c. Additional; and
- d. Verified.

69 ter. The governing body shall at its first session adopt accounting rules on transferable mitigation outcomes and the land-use sector.

69 quater. Decides that a common accounting and tracking rules system is hereby established for the purpose of safeguarding environmental integrity and avoiding double counting of internationally transferable mitigation outcomes of cooperative arrangements that includes:

- a. The coherent and comprehensive accounting through the system of double-entry bookkeeping, where the Party which acquires an internationally transferable mitigation outcome has to subtract it from its emissions and where the host Party of this transferred mitigation outcome has to add it to its emissions, when reporting on the progress toward their commitment/contribution;
- b. The comprehensive recording of activities covered by cooperative arrangements resulting in internationally transferable mitigation outcomes, either at the UNFCCC level or at the national level, with transparent, comprehensive and publicly available information in English, ensuring synergies with existing UNFCCC tools and processes;
- c. For internationally transferable mitigation outcomes resulting in units:
  - i. The use of a registry under the responsibility of each Party to the Convention that must meet technical standards, or the use of an account in a central registry under the UNFCCC for countries that do not have capacities or do not wish to administer their own registry, ensuring synergies with existing UNFCCC infrastructures;
  - ii. The use of an international transaction log to be implemented and operated by the Secretariat, to interconnect registries, to guarantee that transfers of units that have successfully passed the conformity checks are unique, identifiable and reconcilable, and to contribute to the avoidance of double issuance, double use or double counting of emission reductions/avoidance, ensuring synergies with existing UNFCCC infrastructures;
  - iii. The issuance of the internationally transferable mitigation units by the executive body or by a designated national authority of the host country Party under close scrutiny of the executive body and the Secretariat for the emission reductions that have successfully passed the conformity checks.

d) For internationally transferable mitigation outcomes not resulting in units:

- i. The use of a system of confirmation and tracking by the secretariat or the executive body of the amount of emission reductions to be accounted in another country Party, in a way that the functions are comparable to and coherent with the ones performed under paragraph 69 quater (c);

69 quinquies. Decides that cooperative arrangements with internationally transferable mitigation outcomes must lead to a net decrease and/or net avoidance of global greenhouse gas emissions, by ensuring that:

- a. The greenhouse gas emissions abatement is shared between the host Party and the acquiring Party;

- b. More greenhouse gas emissions abatement is achieved than the addition of the emission reductions resulting from the cooperative arrangement accounted by the host Party towards its contribution/commitment and the internationally transferred mitigation outcome accounted by the acquiring Party towards its contribution/commitment, while ensuring that there is no double counting according to paragraph 69 quater (a) above;

69 sexies. Decides that cooperative arrangements with internationally transferable mitigation outcomes must meet standards that deliver real, permanent, additional and verified mitigation outcomes to be elaborated, building on the work conducted under the SBSTA regarding the framework for various approaches (FVA), and are subject to conformity checks by the executive body under the COP regarding their fulfilment, where the executive body :

a. Defines standards for:

- i. Setting credible reference levels for calculating emission reductions, avoiding leakage and addressing inaccuracies from fraud or error;
- ii. Ensuring irreversibility, or in case of reversibility, measures to compensate for a possible reversal;
- iii. Achieving greater mitigation outcomes than what would have occurred in the absence of the cooperative arrangement;
- iv. Guaranteeing independent and competent verification.

b. Sets provisions for allowing divergence from these standards, by providing comprehensive reasoning for such divergence during the conformity check process;

c. Facilitates transparency by defining rules for the publicly available information.

69 septies. Decides that resources for acquiring emission reductions that are accounted towards a mitigation contribution/commitment of a Party shall not be accounted as international climate finance for support by that Party.

69 octies. Further decides that the executive body shall make recommendations to the COP on modalities and procedures for implementing paragraphs 69 quater to 69 sexies and ensuring that these modalities and procedures are met, for adoption by the COP.

69 novies. Decides to define an executive body under the COP by adopting the terms of reference at the 22<sup>nd</sup> session of the COP.]

69 decies. Reaffirm the mandate of the Standing Committee on Finance under the Conference of the Parties to assist the Conference of the Parties in exercising its functions with respect to measurement, reporting and verification of support provided to developing country Parties.]

#### *Structural suggestions on section J:*

*Transparency of support to be addressed in the context of support, transparency of mitigation in the context of mitigation.*

*Divide into three sub-sections: (1) commitment to participate in a single transparency system; (2) the mechanics, or component parts, of the system; and (3) the guiding principles for the system.*

*Restructure paragraphs 67 and 68 into three sub-sections: transparency of actions by [developed country Parties] [Parties included in annex X]; transparency of actions by [developing country Parties][Parties not included in annex X]; and transparency of support by [developed country Parties] [Parties included in annex X] [all countries in a position to do so].*

*Move the paragraphs on accounting to the mitigation section.*

*Merge this section with section K below.*

*Move paragraph 69 (d) and (e) (option 1) to the mitigation section and retain (a) and (c) in transparency section.*

*Include content of paragraph 69 k (of option 1) in a decision.*

*Include contents of paragraphs 69 quater to 69 novies in a decision.*

*Restructure paragraph 69 into separate paragraphs on transparency of mitigation and transparency of support. ]*