

(a) 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”

The formulation of nationally determined contributions (NDCs) presents an important opportunity for all Parties to discuss, clarify, and better understand their priorities, future emissions trajectories, and more specifically, their plans of action that supports ambitious reductions of GHG emissions, building climate resilience, as well as promote economic growth and social wellbeing.¹ Transparency around the NDCs is critical for allowing us to understand whether the INDCs are collectively ambitious enough to limit global temperature rise to 1.5 or well below 2°C, as well as to foster accountability, trust and understanding among countries. As such, transparent NDCs are an essential component of building trust and ensuring successful implementation of the Paris Agreement.

The Paris Agreement and decision text require Parties to develop key rules and guidelines under the Ad Hoc Working Group on the Paris Agreement (**APA**) that will be essential to providing clarity about NDCs—including their contents and timing, accounting for progress toward achieving the mitigation component.² World Resources Institute (WRI) welcomes the opportunity to make a submission of views that we hope can support the APA to provide further guidance on the features and information to be provided by Parties in order to facilitate clarity, transparency and understanding of future NDCs.

Features and Information to Facilitate Clarity, Transparency, and Understanding

While Parties clearly used the guidance of the Lima decision when formulating their intended NDCs (INDCs),³ lessons based on such experience should be leveraged to refine that guidance and close transparency gaps, in line with countries’ capacities. Below are recommendations based on our analysis of INDCs:

- Parties could improve the transparency of future NDCs by closely following more detailed guidance such as that included in “Designing and Preparing INDCs” developed by WRI and UNDP.⁴ Annex I of this submission includes a list of information for INDCs which elaborates on paragraph 14 of the Lima Call for Climate Action and paragraph 27 of Decision 1/CP.21 to provide further detail and clarification on each element of information in order to provide additional transparency.
- While there are clear transparency gaps related to mitigation that prevent an aggregation of future emissions levels by all countries, there are also critical gaps on adaptation and support. On adaptation, many countries included adaptation components of their INDCs around the six categories outlined in the 2015 INDC design and preparation guidance developed by WRI and

¹ Damassa, T., T. Fransen, B. Haya, M. Ge, K. Pjeczka, and K. Ross. 2015. “Interpreting INDCs: Assessing Transparency of Post-2020 Greenhouse Gas Emissions Targets for 8 Top-Emitting Economies.” Working Paper. Washington, DC: World Resources Institute. Available online at <http://www.wri.org/publication/interpreting-indcs>.

² United Nations Framework Convention on Climate Change (UNFCCC). 2015. Decision 1/CP.21. Available online at: <http://unfccc.int/resource/docs/2015/cop21/eng/10a01.pdf>.

³ UNFCCC. 2014. Decision 1/CP.20. Available online at: <http://unfccc.int/resource/docs/2014/cop20/eng/10a01.pdf#page=2>.

⁴ Levin, K, et al, 2015. “Designing and Preparing Intended Nationally Determined Contributions (INDCs).” Washington, DC: World Resources Institute and United Nations Development Programme. Available online at: http://www.wri.org/publication/designing-and-preparing-indcs_

UNDP⁵ (summary of climate change trends, impacts, and vulnerabilities; statement of national long-term goals or vision; statement of current and near-term planning and action; statement of gaps, barriers, and needs; summary of support; and description of monitoring plans). Greater adherence to this categorization of adaptation information could strengthen the ability to assess collective progress and needs.

- Relatedly, support was also not addressed in a consistent way. Countries provided varying levels of detail, with around two-thirds of countries who mentioned support providing quantified finance needs while others provided qualitative information on support requirements.⁶ Many countries made clear that the actions set out in their INDCs would be conditional upon receiving finance but it is not always clear what amount they felt would be required from international sources, and how much could be mobilized domestically. Some countries did provide significant detail, including on specific sources of finance, such as national budgets, private investment, carbon markets and climate funds, as well as cost estimates for specific activities and projects included in their INDCs. But approaches varied widely, and more consistency would be beneficial.⁷
- In addition, we hope Parties will come forward with more information on stakeholder engagements; efforts made to integrate climate policies into planning processes, investment, and sustainable development strategies; efforts made to integrate non-state actors, subnational, regional, and international initiatives into national policies; efforts to reconcile short and medium-term policies with longer term mid-century decarbonization strategies trajectories; and progress made in enhancing education and mobilizing institutional capacity.
- Parties can also provide more robust and concrete information concerning the fairness and ambition of their NDCs, including the use of common metrics such as GHG emissions per capita, along with other quantitative and qualitative indicators of fairness and ambition.
- Finally, Parties also have an opportunity to establish common timeframes, including end dates, for NDCs.⁸

We recognize that the information identified above may be challenging for Parties with less capacity; therefore, appropriate and timely international financial and capacity-building efforts must be forthcoming, as highlighted under Article 13 of the Paris Agreement and 1/COP.21 Para 84 and 85 that establish the Capacity-Building Initiative for Transparency (CBIT).

Under Article 13 of the Paris Agreement, Parties will report a range of information related to action and support including: (a) national inventories of GHG emissions and; (b) progress on implementing and achieving NDCs under Article 13. Hence, the design of reporting guidelines under the transparency framework should be consistent with the information required for the communication of NDCs and should not result in additional reporting burdens.

⁵ Levin, K, et al, 2015. "Designing and Preparing Intended Nationally Determined Contributions (INDCs)." Washington, DC: World Resources Institute and United Nations Development Programme. Available online at: <http://www.wri.org/publication/designing-and-preparing-indcs>.

⁶ For more detail on how countries addressed finance in their INDCs, see Biru, H. and J. Thwaites. 2015. "INSIDER: Examining Finance Needs in Countries' National Climate Plans (INDCs). Available online at: <http://www.wri.org/blog/2015/11/insider-examining-finance-needs-countries%E2%80%99-national-climate-plans-indcs>.

⁷ Biru, H. and J. Thwaites. 2015. "INSIDER: Examining Finance Needs in Countries' National Climate Plans (INDCs).

⁸ Dagnet, Y., D. Waskow, C. Elliott, E. Northrop, J. Thwaites, K. Mogelgaard, M. Krnjaic, K. Levin, and H. McGray. 2016. "Staying on Track from Paris: Advancing the Key Issues of the Paris Agreement." Working Paper. Washington, DC: World Resources Institute. Available online at <http://www.wri.org/ontrackfromparis>.

Accounting

Accounting is critical for tracking progress domestically towards targets, participating in internationally transferable mitigation outcomes, achieving comparability of effort, and ex ante aggregation of global emissions and emissions reductions. Before implementation, accounting rules define “what counts” and lay out a clear framework for assessing progress. During implementation, accounting rules define how Parties track and report progress in a comparable and transparent manner. And after implementation, accounting rules define how Parties assess whether their contributions have been achieved.

Under the GHG Protocol, WRI has developed the Mitigation Goal Standard,⁹ which can help governments track progress to a variety of different GHG emissions reduction targets, and the Policy and Action Standard,¹⁰ which can be used to assess the GHG impacts of policies and actions. Over 270 participants from 40 countries were involved in developing the two new standards. As part of the process, pilot tests were conducted on goals at the national or subnational level in Chile, India, Israel, South Africa, the United Kingdom, and the United States, and on 27 policies and actions in 20 countries and cities to make sure the standard works in practice. Since the Paris Agreement strongly calls for building upon existing guidance rather than starting from scratch, such guiding material could provide a useful foundation for the drafting of the accounting guidance.

More specifically, the following accounting challenges or gaps will need to be addressed by forthcoming guidance:

- For specific NDC types:
 - For intensity targets:
 - Data sources for unit of output
 - For baseline scenario targets:
 - Whether dynamic/static baseline scenarios; If dynamic, recalculation policy
 - Inclusion of policies in baseline scenario and cut off year for inclusion
 - Assumptions for key drivers, projection methods, and data sources
 - Any procedures for baseline review
 - For actions:
 - Common guidelines on how to define the assessment boundary, define a baseline scenario, address interactions with other policies and actions, and estimate or describe the uncertainty of the estimates
 - If not possible, reporting requirements disclosing methodologies and assumptions used and the uncertainty of the results
- Different Global Warming Potentials (GWP) and inventory methodology uses between A1 and some NA1 Parties
- On the land sector:
 - Treatment in NDC (accounting like any other sector, treated as an offset, excluded, sectoral target)
 - Accounting approach (land-based vs. activity-based)
 - Coverage of activities/categories/pools/fluxes (comprehensive/partial)
 - Accounting method (consistent with goal design or not (relative to base year, baseline, or zero))
- On Internationally Transferred Mitigation Outcomes (ITMOs):

⁹ <http://ghgprotocol.org/mitigation-goal-standard>

¹⁰ <http://ghgprotocol.org/policy-and-action-standard>

- How principles will be established
- How double counting will be avoided
- The reference level for various target types, which will be adjusted for the ITMO. WRI believes that at a minimum for those Parties that will use ITMOs, the NDCs will have to be quantified and the reference level that is adjusted for ITMOs must be calculated in a transparent manner that does not provide perverse incentives.

There are many opportunities to advance accounting. For example, convergence towards common metrics and inventory methodologies has increased overtime, as countries have gained more experience developing inventories. Capacity building on national inventories, which are the building blocks of accounting, is therefore essential. The agreement also includes principles for land sector accounting, including for coverage of emissions and removals in the sector. The increase of coverage of emissions and removals over time will help increase comparability. In addition, the principles that guide accounting for internationally transferable emissions units, including principles to ensure the quality of units and the prohibition of double counting, are a great advancement.

Hence, moving forward, we suggest that the APA should:¹¹

- Clearly outline the timeline for decisions, taking into account the timing of the next NDC submissions. This includes selecting the order in which various accounting issues will be resolved and ensuring that enough time is set aside to resolve some of the most complicated accounting issues that will have the greatest impact on how NDCs are accounted for. The timeline and sequencing of decisions can be informed by the identification of areas where there is more consensus. These areas (e.g. metrics and methodologies for inventories) can be dealt with first, allowing more time to be spent on more complex and politically or technically sensitive issues. It will be critical to finalize the accounting guidance well before the next NDCs are to be submitted.
- Identify where guidance exists and can be further improved upon. A significant amount of accounting guidance has been created under the Kyoto Protocol, REDD+ framework, and non-UN initiatives, for example, the GHG Protocol Mitigation Goal Standard and GHG Protocol Policy and Action Standard. The Agreement confirms that existing guidance should be built upon and Parties should view existing guidance as a useful foundation for their work.

¹¹ Dagnet, Y., et al. 2016. "Staying on Track from Paris: Advancing the Key Issues of the Paris Agreement." Working Paper. Washington, DC: World Resources Institute.

ANNEX I



List of information for INDCs

25 March 2015

The following list of information for INDCs¹² elaborates on paragraph 14 of the Lima Call for Climate Action to provide further detail and clarification on each element of information agreed by the COP for Parties that wish to provide additional transparency when submitting their INDCs.

The list is informed by two international GHG accounting and reporting standards developed by the Greenhouse Gas Protocol: the *Mitigation Goal Standard* and *Policy and Action Standard*.¹³ The list was developed through a consultative process with the participation of several countries.

The list below provides the text of paragraph 14 in bold, with additional details in bullets below each item. Not all elements will be relevant or applicable to a given Party's INDC. Before providing the information outlined below, Parties may choose to first begin with a high-level summary of the INDC, as well as any additional context to frame the INDC.

This document does not provide a suggested format or template for providing the information. Any format can be used. However, following the same sequence of information (based on the Lima Call for Climate Action) would enable greater consistency among Parties' INDCs.

Paragraph 14 of the Lima Call for Climate Action states: **“The Conference of the Parties...Agrees that the information to be provided by Parties communicating their intended nationally determined contributions, in order to facilitate clarity, transparency and understanding, may include, as appropriate, inter alia, quantifiable information on:**

1. The reference point (including, as appropriate, a base year)

- Base year(s)/period, if relevant (e.g., 2005)
- Base year/period emissions, base year/period emissions intensity, or projected baseline scenario emissions, as relevant (e.g., base year emissions of 500,000 MtCO₂e in 2005)

¹² http://www.wri.org/sites/default/files/List_of_information_for_INDCs.pdf#page=1&zoom=auto,-265,798

¹³ Available at www.ghgprotocol.org/mitigation-goal-standard and www.ghgprotocol.org/policy-and-action-standard.

2. Time frames and/or periods for implementation

- For targets/outcomes: target year(s)/period and peaking year (if applicable) (e.g., 2025 or 2030 for a single year target; 2021-2030 for a multi-year target)
- For actions: date actions comes into effect and date of completion (if applicable) (e.g., 2020 with no end date)

3. Scope and coverage

- Sectors covered (e.g., all IPCC sectors covered in national GHG inventory, or all economic sectors as defined by national sector classification)
- Greenhouse gases covered (e.g., CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, NF₃)
- Geographical coverage (e.g., 100%, consistent with the national GHG inventory)
- Percentage of national emissions covered, as reflected in the most recent national greenhouse gas inventory (e.g., 100%)

4. Planning processes

- Planning processes for preparation of the INDC¹⁴
- If known, planning processes for implementation of the INDC¹⁵
- If known, planning processes for tracking implementation of the INDC¹⁶

5. Assumptions and methodological approaches including those for estimating and accounting for anthropogenic greenhouse gas emissions and, as appropriate, removals

- Assumed IPCC inventory methodologies and GWP values to be used to track progress (e.g., 2006 IPCC *Guidelines for National Greenhouse Gas Inventories*; AR4 GWP values)
- Related to international market mechanisms:
 - Whether the Party intends to use or sell/transfer units from international market mechanisms
 - If units are to be used, any limit on the percentage of emission reductions that may be achieved through the use of units from international market mechanisms
 - If units are to be used, the assumed types and years of units to be applied, if known
 - Whether and how any units purchased/acquired or sold/transferred abroad will ensure environmental integrity (e.g., through specific quality principles) and avoid double counting
- Related to accounting assumptions for emissions and removals from the land sector:
 - Treatment of land sector (included as part of the broader target; treated as a separate sectoral target; used to offset emissions within the target boundary; or not included in a target)

¹⁴ Such as stakeholder engagement and public consultation; process, data, and analysis for prioritizing sectors, actions, etc.; and decision-making processes.

¹⁵ Such as government processes to plan and implementation actions, and if known, a list of existing or planned actions that will be implemented to achieve the INDC, their legal status, and the implementing entity/entities.

¹⁶ Such as any domestic MRV systems in place or planned.

- If the land sector is included, coverage of the land sector (net emissions and removals from land-use activities and/or categories) as compared to total net emissions from the land sector, as a percentage if known
- If the land sector is included, assumed accounting approach (activity-based or land-based) and accounting method¹⁷ for the land sector and the level against which emissions and removals from the land sector are accounted, if known, including policy assumptions and methodologies employed
- Any assumed use of methodologies to quantify and account for natural disturbances and legacy effects
- Any other relevant accounting approaches, assumptions or methodologies⁶
- For GHG reduction targets relative to a projected baseline scenario:
 - Whether the baseline scenario is static (will be fixed over the period) or dynamic (will change over the period)
 - The cut-off year for policies included in the baseline scenario, and any significant policies excluded from the baseline scenario
 - Projection method (e.g., name and type of models)
 - Emissions drivers included and assumptions and data sources for key drivers
 - For dynamic baseline scenario targets, under what conditions will the baseline be recalculated and if applicable, any significance threshold used to determine whether changes in emissions drivers are significant enough to warrant recalculation of the scenario
 - Total emissions projected in baseline scenario in the target year(s)
- For GHG reduction targets relative to emissions intensity:
 - Level of output (e.g., GDP) in the base year, projected level of output in the target year/period (and an uncertainty range, if available), and units and data sources used
- For INDCs that include actions:
 - Estimated impact on GHG emissions and/or non-GHG indicators
 - Methodologies used to estimate impacts, including the baseline scenario and other assumptions
 - Uncertainty of estimated impacts (estimate or description)
 - Information on potential interactions with other policies/actions

6. How the Party considers that its intended nationally determined contribution is fair and ambitious, in light of its national circumstances, and how it contributes towards achieving the objective of the Convention as set out in its Article 2

- Comparison of the contribution to multiple indicators related to fairness. Factors Parties may want to consider include:

¹⁷ Options include: accounting relative to a historical base year/period (net-net), accounting relative to a projection of net emissions in the target year (forward-looking baseline), or without reference to base year or baseline scenario emissions (gross-net). Such as relevant IPCC guidance, the Party's forest definition, definition of managed land, list of land-use activities and/or categories included and their definitions, or others.

- o Emissions (e.g., past, current, or projected future emissions, emissions per capita, emissions intensity, or emissions as a percentage of global emissions), economic and development indicators (e.g., GDP, GDP per capita, indicators related to health, energy access, energy prices, education, housing, etc.), national circumstances, vulnerability and capacity to adapt to climate change impacts, costs or relative costs of action, mitigation potential (e.g., renewable energy potential), benefits of action (e.g., co-benefits), or other factors
- Comparison of the contribution to multiple indicators related to ambition. Factors Parties may want to consider include:
 - o Projected business-as-usual emissions, recent historical emission trends, total mitigation potential based on mitigation opportunities determined to be technically and economically feasible, benchmarks for the annual rate of emissions reductions, or other factors
- Comparison of the contribution to multiple indicators related to achieving the objective of the Convention as set out in its Article 2. Factors Parties may want to consider include:
 - o Anticipated national emissions in the target year/period if the contribution is achieved, the quantified GHG impact of the contribution, the intended peaking year and peaking emissions level (if known), the annual rate of emissions reductions and/or expected emissions trajectory over time, deviation from business-as-usual emissions, any long-term mitigation goals, plans to limit cumulative emissions over time, or other factors

7. Other information

- For outcomes, type of target and target level¹⁸
- For actions, name or title of actions, legal status, implementing entity(ies), or other relevant information¹⁹
- Additional action that could be achieved if certain conditions were met, such as action by other Parties, the receipt of support, or other factors, if applicable
- Description of Party's long-term target(s), if applicable
- Elaboration on national circumstances (e.g., emissions profile, mitigation potential)
- Additional information on adaptation not captured elsewhere, if relevant²⁰
- Additional information, explanation, or context as relevant

¹⁸ If this information is not provided elsewhere in the INDC.

¹⁹ If this information is not provided elsewhere in the INDC.

²⁰ Such as related to climate change trends, impacts, and vulnerabilities; statement of long-term goals or vision; statement of current and near-term action; statement of gaps, barriers and needs; summary of support; description of monitoring plans, or other information.