

Norway's submission on features, information to facilitate clarity, transparency and understanding and accounting of Parties' Nationally Determined Contributions

APA agenda item 3

September 2017

Norway appreciates the opportunity to further share its views on features, information to facilitate clarity, transparency and understanding and accounting of Parties' Nationally Determined Contributions (NDCs).

This submission builds on our previous submissions under APA agenda item 3 from October 2016 and March 2017, focusing particularly on information to facilitate clarity, transparency and understanding and accounting for NDCs.

- *CMA decision structure. One decision with two annexes, containing guidance on ICTU and accounting respectively. Features to be included in the decision text by recalling Article 4.*
- *Capacity concerns must be addressed through strong and sustained capacity building support and frameworks for developing countries - not in the guidance, which should be common and applicable to all.*
- *Purpose of the guidance under APA 3 is to help/assist Parties in fulfilling existing obligations under the Paris Agreement Article 4. No new obligations will derive from the guidance.*
- *ICTU to be built from existing guidance in para 27 of 1/CP.21*
- *Accounting guidance to be built on para 31 of 1/CP.21*

1. General reflections

Nationally Determined Contributions (NDCs) are key building blocks of the Paris agreement. Their purpose is to drive Parties' actions towards the collective achievement of the long term mitigation goal.

Norway considers that the NDC process, based on common features of NDCs, starts with the communication of the NDC and the provision of information to facilitate clarity, transparency and understanding (ICTU). It continues with reporting on tracking progress made in implementing and achieving its NDC under Article 4, and ends with the accounting for the NDC, i.e. how and to what extent a Party achieved its target(s). The timing for when Parties are to communicate their NDC is settled in the Paris Agreement. It is important to note that the communication of NDCs every five years does not necessarily correspond to the target period/time frame in the NDCs. While Norway does not consider this discrepancy to be problematic in itself, it is important to note that a Party will report and account in accordance with its "time frame".

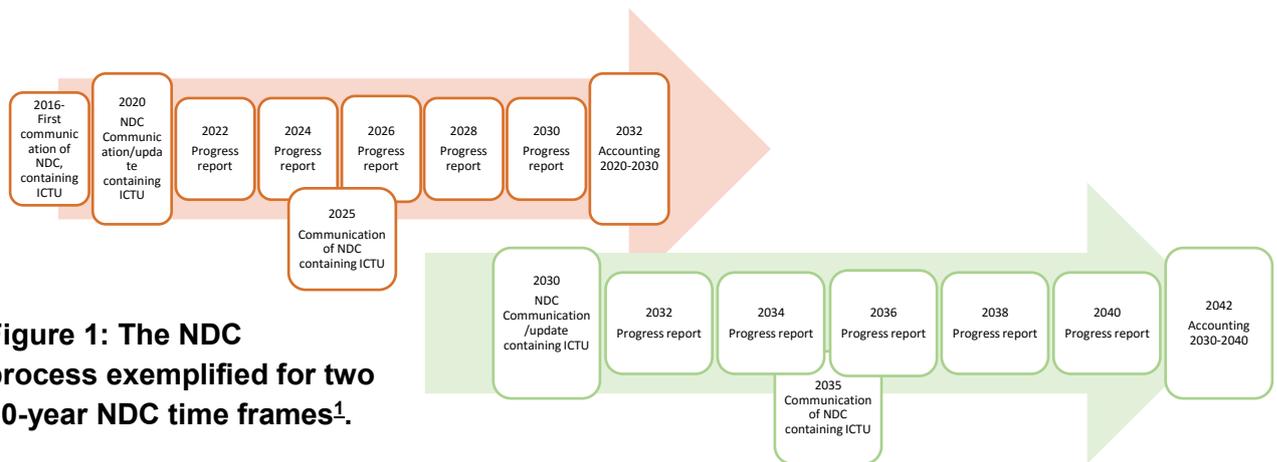


Figure 1: The NDC process exemplified for two 10-year NDC time frames¹.

Despite distinct functions of providing ICTU, reporting and accounting are **interlinked and interdependent**. For example, robust accounting requires **consistency** between how and which elements are included in ICTU, their reporting and how they are accounted for. Key elements of accounting as contained in decision 1/CP.21, paragraph 31 would only be meaningful if information on them is included up front in ICTU. For example, that parties shall strive to include all categories of emissions and removals, and explain why certain categories are excluded. Furthermore, inventory reports and progress reports will contain necessary information for accounting, such as relevant inventory data, changes in assumptions and methods that may occur throughout the target period of the NDC, the role of the land use sector and the use of markets, if relevant. The need for such consistency must be captured in the guidance developed under APA agenda item 5.

We consider the guidance we develop under Article 4 of the Paris Agreement to be **common and applicable to all Parties**. In designing and implementing this common guidance, we should therefore be mindful of three key considerations:

- Guidance is developed to **assist Parties in implementing their existing legal obligations under the Paris Agreement** and does not imply new or additional legal obligations under the Paris Agreement.
- Further, each Party will only provide ICTU and account for what is **relevant to its NDC**.
- Also, while applying common guidelines applicable to all providing ICTU and accounting are *not expected to be perfect* from the start, but to improve over time.

Parties have underscored the importance of the nationally determined nature of NDCs, and some have also indicated that there might be a conflict between this “feature” and further guidance. In our opinion, there is no conflict between the sovereign nature of “nationally determined” and further guidance on ICTU and accounting, since Parties will only provide information relevant to their NDCs .

Some Parties have also raised the concern that further guidance may add burden on Parties, in particular developing countries. We would highlight that in developing further guidance, we are working under the explicit request and mandate by the COP, confirmed by the CMA. The

¹ Progress reports are delivered biennially, cf. Art. 13.7 (b), assuming an inventory lag of +2 years.

Paris Agreement implies that some Parties will have to provide information that they have not provided before, and it is also the case that the process of accounting is new to many Parties. We therefore emphasize the need to carefully address the issue of undue burden when developing guidance, for example by avoiding that information requirements which are not relevant for a Party's NDC, are made mandatory.

Furthermore, lack of experience with reporting and accounting may pose a challenge for many Parties. This should not lead to less or a differentiated set of guidance. Instead, the lack of experience should be addressed through enhanced actions on capacity building under the Paris Agreement and an expectation that rather than being perfect from the start, the provision of ICTU and accounting will *improve over time* as Parties gain experience and build capacity. Norway would highlight the importance of support for *capacity building* in developing countries in this regard.

Forest, land use and land use change have an important role in mitigating climate change because they serve both as a sink of CO₂ and as a source of anthropogenic emissions. At the same time, biomass from sustainably managed resources represents an important part of the solution to prevent dangerous climate change. The guidance on ICTU and accounting must enable Parties to promote environmental integrity and the TACCC principles of their NDC.

The synthesis report on the aggregate effects of the INDCs by the UNFCCC reflects that the mitigation effect of forest and other land use is a major source of uncertainty and that this derives from lack of clarity on approaches used for estimating, projecting and accounting emissions and removals. This underlines the need for the further guidance on ICTU and accounting to address forests and other land use.

Norway calls for an **integrated approach** to forest and land use in the guidance on ICTU and accounting. This implies that to the extent feasible, guidance for forest and land use is accommodated in the general provisions of the guidance. Where there is a need for particular considerations for the land sector, these should be accommodated in separate paragraphs in the guidance. Such particular considerations could include approach on harvested wood products, natural disturbances, legacy effects and anthropogenicity.

We would like to underline the importance that baselines and/or reference levels are constructed on the basis of transparent and realistic data, cf. the TACCC principles.

2. Format and elements of the CMA decision

Norway suggest that one CMA decision is adopted under APA 3, containing further guidance on features, ICTU and accounting guidance. The further guidance on ICTU and accounting guidance should be outlined in two separate annexes to the CMA decision. Guidance for forest and other land use should be integrated in the guidance for ICTU and accounting. Guidance on features should be integrated into the decision text itself. .

The decision on features, information to facilitate clarity, transparency and understanding and accounting of Parties' Nationally Determined Contributions should contain the following elements:

- Reference to the Paris Agreement and its long term mitigation goal

- Reference to Art.4 as the basis of the decision on further guidance on features, ICTU and accounting
- Reference to other relevant decisions, such as MOI and support, the transparency framework, the global stocktake and compliance
- Recalling the features of NDCs embedded in the Paris Agreement
- Recalling that Parties shall provide information that facilitates clarity, transparency and understanding and that Parties shall account for their NDC
- Deciding that Parties will apply the guidance as contained in the Annex(es)
- Deciding when and by which format Parties will provide ICTU and accounting to the Paris Agreement:
 - The guidance on features, if any, and the provision of ICTU shall apply for the second round of NDC communication, which in accordance with decision 1/CP.21 paragraph 23 and 24 will take place by 2020
 - According to decision 1/CP.21 paragraph 32, the accounting guidance shall apply to the second and subsequent NDCs. However, this would imply more than twenty years with no accounting information provided by Parties with a ten-year time frame. In order to avoid this, the accounting guidance should apply from the second NDC *communication*, which is due by 2020. For Parties with a ten-year time frame this would mean that they would account for their NDCs after the time frame of their second NDC communication has been reached, i.e. in ca. 2032, if we assume an inventory lag of two years
- Invitation/call for strengthened and sustained capacity building support to developing countries
- Deciding on the role of the secretariat, if any, for example on the responsibility to publish NDCs on the UNFCCC web site
- Deciding on further work if any, for example when the guidance should be reviewed and revised as appropriate, and give the mandate for additional work in the period after 2018, if needed.

2.1 Information to facilitate clarity, transparency and understanding (Annex I to a CMA decision)

Providing ICTU is **mandatory** in accordance with Article 4.8. The specific information to be provided is not determined by the Paris Agreement. It has been raised whether the guidance developed, fully or partially, should be mandatory or not. For the further guidance on ICTU, we consider that some of the guidance should be mandatory. Firstly, mandatory guidance on ICTU is necessary to facilitate the operationalisation of the TACCC principles in Article 4.13 Secondly, mandatory elements of the ICTU will assist Parties by giving clarity to what information is necessary to accompany the NDC when it is communicated. Secondly, mandatory ICTU elements facilitate the aggregation and synthesizing of NDCs, which is necessary for the global stocktake. We would highlight that the mandatory elements should be kept at a fairly general level, so that Parties are not obliged to provide ICTU not relevant for their specific NDC.

It is imperative to translate the submitted NDCs through **quantitative information** into emission reductions for synthesis and aggregation for the global stocktake as referred to in

paragraph 99 (a) of decision 1/CP.21. Quantitative information will also assist Parties to develop clearer NDCs that are easier to track progress towards, as well as to account for.

For Parties that have included **forest and other land use** in their NDC, information on scope and coverage, including the definitions used, must be included. This is important for clarity, transparency and understanding of the NDCs, and for aggregation of the mitigation effect of NDCs. Further, meaningful accounting, which promotes the principles in Article 4.13, including environmental integrity, requires consistency between the provision of ICTU, tracking progress and accounting for NDCs. Hence for accounting purposes, the inclusion of information on forest and other land use when communicating NDCs (ICTU) is key. This should include information on how forest and land use will be accounted for in the NDC. In light of the long term goal of reaching a balance between sinks and sources of emissions by the second half of this century, Parties' should also have a more long term perspective in their inclusion of forest and land use in their NDC.

Considering the current uncertainty of the NDCs in general and particularly the contribution from forest and other land use in the current NDCs, it is important that the guidance on ICTU to be adopted at COP 24, is applied in the NDCs to be submitted by 2020 in accordance with paragraph 23 and 24 in the 1/CP.21.

Elements and sub-elements for further guidance on ICTU

A clear description of the target(s) and/or mitigation efforts – (Mandatory)

Norway considers a clear description of the target(s) and/or mitigation efforts as a starting point for ICTU. This should include quantitative and/or qualitative indicators that will be used to track progress and account for the NDC.

Further guidance on ICTU should be developed on the basis of paragraph 27 in decision 1/CP.21 and contain the following sub-elements:

1. ***Quantifiable information on reference point***
 - What is the base or reference year or period? (Mandatory)
 - What assumptions and parameters have been used for construction of reference level(s) and/or baselines (based on historic data or projections), including information on anthropogenic emissions and removals, and, where relevant, emissions and removals and denominator information such as GDP, population size/growth used for BAU scenarios? (Mandatory)
 - Quantified impacts of policies and measures (Not mandatory)
2. ***Time frames/periods for implementation***
 - Target year(s) / period (Mandatory)
 - Time frame and/or period of implementation (cf. Art. 4.10) (Mandatory)
3. ***Scope and coverage***
 - Information on geographical coverage, sectors, categories, gases, in addition to relevant pools; including how sectors and categories are defined with respect to the national inventory report/IPCC guidance, and also whether categories of anthropogenic emissions and removals reflects continued coverage of previously covered categories (Mandatory)

- Information on completeness deriving from the call for Parties to strive to include all categories of anthropogenic emissions or removals, including an explanation of why any categories of anthropogenic emissions or removals have been excluded (Mandatory)
- Explanation if categories/subcategories of anthropogenic emissions or removals *included in the national GHG inventory* are excluded from its NDC.(Mandatory)

4. Planning process

- Planning process for NDC, for example stakeholder consultations.
- Considerations related to just transition, gender, human rights, indigenous peoples involvement and other important considerations. (Not mandatory)
- Policy, legal and institutional frameworks to foster the implementation of the NDC (Not mandatory)
- Information on long-term low emission development strategies, called for in Article 4.19, if any (Not mandatory)

5. Assumptions and methodological approaches

- Information on which metrics and methodological guidance from the IPCC that has been used. To ensure consistency, comparability and to facilitate aggregation we argue that Parties shall use the most recent IPCC Guidelines and any further methodological guidance from the IPCC if adopted by the CMA. For common metrics in the guidance, mindful that the guidance will be reviewed and updated regularly, we consider that shall continue to use the well-established GWP-100 values from the IPCC, if adopted by the CMA (Mandatory)
- Approaches for accounting emissions and removals towards the NDC, including, the approach that will be taken in accounting for forest and other land use (Mandatory)
- Whether and if so, how the Party intends to cooperate with other Parties in fulfilling the NDC, including cooperation under Article 6 (markets and non-markets) and/or 4.16. (Mandatory)

*We recognise that **changes** in for example assumptions and methods may occur throughout the target period of the NDC. We are of the view that any changes that may occur during the course of implementation and that affect the NDC should be reflected in the progress report as referred to in Art. 13.7 (b).*

6. Fair and ambitious/Contribution towards achieving the objective of the Convention (Article 2)

- How does the NDC contribute towards achieving the objective in Art. 2 (a) of the Paris Agreement and the goal in Art. 4.1 (Mandatory)
- How will the NDC represent a progression beyond the Party's then current NDC and reflect its highest possible ambition, cf. Article 4.3? (Mandatory)
- How does the Party enhance mitigation efforts to move towards economy-wide emission reduction or limitation targets over time cf. Article 4.4? (Mandatory)
- How did the outcome of the Global Stocktake inform the NDC, cf.4.9? (Mandatory)
- How does the Party consider its NDC to be fair? (Mandatory)

2.2 Accounting (Annex II to a CMA decision)

Robust accounting is built up by having **consistency** between the provision of ICTU, the progress report and the accounting itself. Key elements of the accounting will only be meaningful if they are included in the provision of ICTU as well. To ensure accounting in line with the relevant principles, it is therefore our view that operationalizing accounting through Article 4.13 and paragraph 31 of 1/CP.21 will have effect throughout the NDC process.

According to Article 4.13, Parties shall account for their NDC. Accounting is a Party's opportunity to inform how, whether and/or to which extent it achieved its target(s) as set out in its NDC. The accounting guidance should help Parties in this process and we therefore believe it is **in all Parties self-interest to have clear guidance on how the achieved outcomes** will be compared to their NDCs. The guidance will need to apply to the diversity of NDCs, and therefore be designed in such way that Parties only provide accounting information relevant to their specific NDC.

The principles enshrined in Art. 4.13 and paragraph 31 provide a relevant frame for developing guidance on accounting. We also refer to the accounting guidance under Article 6 to be developed by SBSTA, including how avoid double counting (art 6.2) and carry out the "corresponding adjustment" called for in Para 36 in the Paris decision.

Information needed to understand whether and/or to which extent a Party achieved its target, will vary according to target. The way to operationalize the principles in Art. 4.13 and paragraph 31 will therefore depend on the target.

For **GHG targets**, the national inventory reports (NIR) will provide a solid foundation for the accounting in line with these principles. Inventory information may need to be supplemented by other information, for example information on approaches for accounting for the land sector, the use of ITMOs or process indicators for tracking non-GHG and/or qualitative targets.

Developing accounting guidance for **non-GHG targets** seems more challenging. Parties have less experience with such targets, and they are less linked to the GHG inventories. Accounting for such targets should, as for all accounting, must be consistent with the principles in Art 4.13 and paragraph 31. Such accounting could include information on implementation of policies and measures that can indicate if a Party has reached its target, and as well information on any other relevant progress indicators. As far as possible, Parties should estimate the effects of implementing the NDCs on their GHG emissions and removals.

Regarding accounting for **multiple targets** we expect that Parties account for the range of target(s) put forward in their NDC, unless otherwise is stated in the first NDC/ICTU of the relevant target period.

Transparency, Accuracy, Completeness, Comparability and Consistency (TACCC) are well-known principles from the context of inventories (2006 IPCC Guidelines). Following the logic that the accounting for GHG-targets under the Paris Agreement will be based on estimates of emissions and removals from Parties' national inventories, the way the TACCC principles are defined for inventories is relevant for accounting of NDCs as well.

Parties shall promote **environmental integrity** in their accounting of **anthropogenic** emissions and removals, cf. Article 4.13 of the Paris Agreement. To promote environmental integrity, the contribution from forest and land use must represent real, permanent and

verifiable emission reductions that would not occur irrespective of the Party's actions. Permanence is particularly important with respect to contribution from forest and other land use, as removals is a slow process, while carbon from the terrestrial stock can be quickly released, e.g. due to change of policies and natural disasters.

Elements for operationalizing paragraph 31 of 1/CP.21:

§ 31 (a) Parties account for anthropogenic emissions and removals in accordance with methodologies and common metrics assessed by the Intergovernmental Panel on Climate Change and adopted by the CMA;

- In terms of methods, Parties shall use the most recent, which is the IPCC 2006 Guidelines and any further methodological guidance from the IPCC adopted by the CMA. The CMA should adopt common metrics from the most recent IPCC guidance to be used by all Parties.
- Applying common methodologies and metrics as assessed by the IPCC and adopted by the CMA is linked to several of the TACCC-principles. For example: for Parties NDCs to be comparable, using common methodologies and metrics is of utmost importance. To ensure the fulfilment of the TACCC principles, Parties should therefore use the same methodologies and metrics throughout the time frame of their NDC. If a Party makes a change to any of these during the time frame, it is critical that it is done in a way that ensures comparability and the fulfilment of the other TACCC-principles.

§ 31 (b) Parties ensure methodological consistency, including on baselines, between the communication and implementation of nationally determined contributions;

- Methodological consistency between the communication of a NDC and its implementation is important for assessing whether and to what extent implementation action has led to achievement of the target(s) set out in the NDC.
- To ensure methodological consistency in accordance with paragraph 31 (b), methodological elements such as definitions, parameters, conditions and assumptions on the construction of reference points should preferably remain unchanged between the communication and the implementation of the NDC. If, however, changes are made during the time frame of a NDC, methodological consistency would, as a minimum, require a description of the changes and their consequences for the target(s).
- In order to ensure methodological consistency, including on baselines, between the communication and implementation of nationally determined contributions, Parties must in their accounting include information on:
 - Any additional/new information and/or changes/updates that could affect consistency, e.g. on target(s), scope/coverage, base-year, definitions, methodologies, parameters, conditions, assumptions and accounting approaches during the NDC time frame
 - For the construction of baselines and reference levels, Parties should include information that allows for reconstruction, and include which and how historical and projected data have been taken into account.

§ 31 (c) Parties strive to include all categories of anthropogenic emissions or removals in their nationally determined contributions and, once a source, sink or activity is included, continue to include it;

- Para 31(c) seeks to ensure the comprehensive coverage of NDCs in order to avoid that Parties exclude significant parts of their anthropogenic emission and/or removal portfolio.

Such comprehensiveness is necessary to avoid leakage within a Party's territory as well as to ensure that the NDC and the subsequent accounting gives a realistic account of a Party's level of ambition. This is an element which in our view, must be included in the ICTU.

- When accounting for their target(s) Parties shall account for all categories of anthropogenic emissions or removals included in their NDC. Over time, Parties should strive to increase the scope/coverage of its NDC-.
- Regarding *categories* our understanding is that since Parties have obligations to account in accordance with the most recent methodologies from the IPCC, categories are defined according to the IPCC. According to the 2006 IPCC Guidelines (*alt.* later if relevant), categories are: "(...)subdivisions of the four main sectors Energy; Industrial Processes and Product Use (IPPU); Agriculture, Forestry and Other Land Use (AFOLU); and waste. Categories may be further divided into subcategories". An example: IPPU (IPCC sector 2) contains the following sub-categories; Mineral industry (IPCC category 2A) and Cement production (IPCC sub-category 2A1). To ensure completeness in their NDCs Parties shall strive to include all categories of anthropogenic emissions and removals to the level of *subcategories* as defined by the IPCC and as reported by the GHG inventory.

§ 31 (d) Parties shall provide an explanation of why any categories of anthropogenic emissions or removals are excluded;

- Our view is that the understanding of categories as described for § 31(c) is applicable for § 31 (d) as well. We therefore argue that Parties shall provide an explanation if categories/subcategories of anthropogenic emissions and/or removals *included in the national GHG inventory* are excluded from its [NDC and subsequent] accounting.