

SUGGESTIONS FROM THE EUROPEAN UNION AND ITS 28 MEMBERS STATES TO IMPROVE THE STRUCTURE OF THE GENEVA TEXT – SECTION D - ACCOUNTING

Building on the overlaps and duplications note from the Secretariat, we have clustered text related to general accounting principles and for principles for the land-use sector with a view to identify opportunities for further consolidation.

In terms of structure for all accounting elements, we would like to include these in the Mitigation Section with sub-sections dedicated to:

- general accounting principles
- principles for the land use sector
- elements related to markets retained in paragraph 39

1. On general accounting principles

- We would like to make a proposal to streamline the paragraphs related to general accounting rules, building on the suggestions made in the Secretariat's note on overlaps and duplication.
- Regarding structure, our preference would be to place paragraphs on accounting rules in the Mitigation Section.
- We have identified significant overlap in paragraphs 39.1 option 3, 152 option 5 (with para 150), and 152 option 3. We have highlighted these overlaps below for each of these three paragraphs, and suggest creating a new paragraph as follows:

Chapeau

Option a: In accounting for progress towards meeting their commitments / contributions, including their use of market mechanisms and of the land sector, Parties shall apply the following accounting principles:

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

General principles

a. Option a: [Net changes in emissions of greenhouse gases by sources and removals by sinks recognized towards commitments / contributions should be real, additional, permanent, and verifiable];

Option b: [no similar element]

Option c: [no similar element]

b. Option a:

Parties are encouraged to include all major sources of anthropogenic emissions and removals in their commitment / contribution, as defined by IPCC key categories;

For key categories of emissions and removals that are not included in commitments / contributions, Parties are encouraged to include an explanation for their exclusion, and to strive to include these over time;

Option b:

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;

Option c:

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;

c. Option a: Consistent methodologies should be used for the estimation and reporting of mitigation actions and outcomes over time;

Option b: Parties shall ensure methodological consistency between baselines and "business as usual" projections and the emission estimation used during the implementation of the commitments.

d. Option a: To ensure consistency, Parties should use the same baselines, accounting methodologies and

approaches throughout the commitment/ contribution/ contribution time frame, including in the base year or other reference point and commitment period, except where technical corrections are required to maintain methodological consistency;

Option b: Parties shall define and report the methodologies, rules and assumptions used to frame their commitments, in particular those used to calculate 'business as usual' projections and work towards common methodologies and rules over time;

Option c: Parties not to change their accounting approach or methodologies or baseline during the time frame, except in the case of technical corrections;

Parties shall define transparently the methodologies, rules and assumptions used to frame their commitments, in particular those used to calculate the 'business as usual' projections and work towards common methodologies and rules over time

e. Option a: Projected reference levels and other dynamic baselines should be subject to technical assessment prior to the commencement of the commitment/ contribution period to encourage their transparency, completeness, consistency, accuracy and comparability;

Option b: Parties shall define and report the methodologies, rules and assumptions used to frame their commitments, in particular those used to calculate 'business as usual' projections and work towards common methodologies and rules over time;

Option c: Parties to have projected baselines transparently assessed

f. Option a: Parties shall use the metric specified by the IPCC in its latest assessment report and adopted by the COP, unless otherwise decided by the COP;

Option b: All Parties shall use common methodologies and metrics agreed by the IPCC and adopted by the governing body to determine their greenhouse gas emissions and removals

Option c: Parties to use the most relevant IPCC guidance and guidelines, as determined by the COP;

g. Option a: *[included as a land sector principle]*

Option 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

Option c: 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;

h. *[these elements should be addressed in paragraph 39 with the other provisions on markets]*

Option a: Parties should avoid double counting of mitigation actions in tracking progress towards their commitments/ contributions by ensuring mitigation outcomes cannot be used more than once;

Option c: 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;

2. Land use sector

We have also identified significant overlaps related to the land-use sector. To deal with these we would suggest creating a new paragraph that would focus on the land use sector. In this new paragraph, we suggest doing two things:

First, on recognition of the importance of the land use sector, there is significant duplication in paragraphs 152 Option 1.f and Option 3.g. we would suggest consolidating these as follows:

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];

Second, on accounting principles for the land use sector, our proposal is to put all the options in one place as follows:

The following accounting principles shall apply for the land-use sector from **para 39.2 option 3**, **152 option 3.f** and **152 Option 5**:

a. **Option a: Both emissions and removals should be accounted for in assessing progress towards the commitment/contribution;**

Option b: Parties shall include both anthropogenic emissions by sources and removals by sinks for any land-use category or activity included in its commitment;

b. **Option a: Once a source, sink, or activity is accounted for, it should not subsequently be excluded from accounting without an explanation of why it has been excluded;**

Option b: [Included as a general principle]

c. **Option a: Definitions of forest, land use and activities should be used consistently over time;**

Option b: [No direct reference to this principle]

d. **Option a: Parties may exclude emissions and removals resulting from natural disturbances, consistent with the most recent IPCC guidance;**

Parties should strive to exclude from accounting non-anthropogenic emissions and removals

Option 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;

e. **Option a: Parties may apply the principles and methodologies of existing approaches under the Convention and its Kyoto Protocol to recognizing mitigation outcomes in the land sector, consistent with IPCC guidance where applicable;**

Option b: 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.

| **f. 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**