

## **Submission by Saint Lucia on behalf of CARICOM**

### **APA Agenda Item 3 - Nationally Determined Contributions: *features, information and accounting***

**29 APRIL 2017**

Saint Lucia has the honour to support the submission from AOSIS on APA Agenda item 3, dated 12 April 2017, and to provide the following attached additional inputs on behalf of the Caribbean Community (CARICOM), comprised of **Antigua and Barbuda, the Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Haiti, Jamaica, St Kitts and Nevis, Saint Lucia, St Vincent and Grenadines, Suriname, and Trinidad and Tobago.**

Parties have been invited to submit their views on issues discussed under this agenda item, taking into consideration the questions identified by Parties as relevant for this item and listed in the annex to the informal note by the co-facilitators. See Informal Note by the Co-Facilitators 14 November 2016@1500h and box below.<sup>1</sup> As CARICOM's 7 October 2016 Submission responds to many of these questions, it is resubmitted in full for the convenience of Parties. For information, the term "land sector" in the annexed document is used as an umbrella term.

#### **Annex – Questions that Parties may consider for further work under APA agenda item 3 – Further guidance in relation to the mitigation section of decision 1/CP.21**

##### **3(a) - Features of nationally determined contributions, as specified in paragraph 26**

- What is the understanding of features of NDCs under this agenda item?
- What should be the purpose of further guidance on features under this agenda item?
- What is the relationship, if any, between further guidance on features of NDCs under this sub item, and further guidance on sub-items 3(b) and 3(c)?
- How could this work be usefully structured and progressed?

##### **3(b) - Information to facilitate clarity, transparency and understanding of nationally determined contributions, as specified in paragraph 28**

- What is the understanding of information to facilitate the clarity transparency and understanding of NDCs under this agenda item?
- What should be the purpose of further guidance on information to facilitate the clarity transparency and understanding of NDCs under this agenda item?
- What is the relationship, if any, between further guidance on information to facilitate the clarity, transparency and understanding of NDCs under this sub-item, and further guidance on sub-items 3(a) and 3(b)?
- How could this work be usefully structured and progressed?
- What issues should be discussed and resolved under this sub-item?

##### **3(c) - Accounting for Parties' nationally determined contributions, as specified in paragraph 31**

- What is the understanding of accounting for Parties NDCs under this agenda item?
- What should be the purpose of the guidance on accounting for NDCs under this agenda item?
- What is the relationship, if any, between guidance for accounting for NDCs under this sub item, and further guidance on sub-items 3(a) and 3(b)?
- How can Parties draw from existing approaches under the Convention and its related legal instruments?
- How could the work under this sub-item be usefully structured and progressed?
- What issues should be discussed and resolved under this sub-item?

<sup>1</sup> [http://unfccc.int/files/meetings/marrakech\\_nov\\_2016/in-session/application/pdf/informal\\_note\\_item3\\_v2.pdf](http://unfccc.int/files/meetings/marrakech_nov_2016/in-session/application/pdf/informal_note_item3_v2.pdf) at p. 3

**APA Agenda Item 3 - Nationally Determined Contributions:  
features, information and accounting  
7 October 2016**

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

*Item 3, "Further guidance in relation to the mitigation section of decision 1/CP.21 on:  
(a) **features** of nationally determined contributions, as specified in paragraph 26;  
(b) **information** to facilitate clarity, transparency and understanding of nationally determined contributions, as specified in paragraph 28; and  
(c) **accounting** for Parties' nationally determined contributions, as specified in paragraph 31"*

## BACKGROUND

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

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

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

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

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

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

...

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

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

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

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

#### **A. CURRENT GUIDANCE ON FEATURES**

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

##### **Content-related features of NDCs**

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

##### **Process-related elements**

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

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

- reference years or periods
- common timeframes (2025, 2030)
- statements of coverage in sectors and gases
- statements of metrics and accounting guidelines applied, and
- the quantification of reductions in tonnes of CO<sub>2</sub>-eq. emissions.

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

## **B. FURTHER GUIDANCE ON FEATURES**

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

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

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

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

- quantifiability of efforts in tonnes of CO<sub>2</sub>-eq. emissions
- progression
- highest possible ambition
- use of common IPCC metrics
- coverage, sources and removals
- reference points
- time frames for submission
- target years
- outline of all key assumptions
- statement of nature of NDC - economy-wide absolute emission reduction target, **economy-wide emission reduction or limitation target, or other**
- domestic mitigation measures in place in support.

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

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

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

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

#### A. REQUIREMENTS

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

The following requirements have already been agreed

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

#### B. MANDATE

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

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

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

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

## C. FURTHER GUIDANCE ON INFORMATION

Further guidance on information should address:

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

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

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

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

- **Description of NDC: (1) economy-wide absolute emission reduction target; (2) economy-wide emission reduction or limitation target, (3) other, with specificity**
- **target year or target period** (e.g., 2025, 2030)
- **base year or base period or reference**
- **reference year emissions or reference period emissions**
- **gases** included (CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs, SF<sub>6</sub>, NF<sub>3</sub>, additional )
- **sectors** included
- **metrics used** to calculate impact of GHG emissions
- **approach used to account** for emissions and removals from forests, land use
- expected use of **international market-based mechanisms**
- expected **need for financial support** (for developing countries)
- Information to understand the **ambition** of the NDC, including
  - past emission trends
  - projections of future emissions
  - description of relevant national circumstances
  - assumptions related to mitigation potentials
  - mitigation costs
  - description of domestic mitigation targets
- **policies** implemented or planned to achieve the contribution
- how NDC has been informed by outcomes of Global Stocktake

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

#### **absolute reduction or limitation targets**

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

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

- the individual elements of the methodology for establishing the BAU scenario
- model used to develop BAU baseline

- explanation of assumptions used for key inputs (e.g., trends in population, GDP, energy prices, technology assumptions)
- is BAU fixed or will it be updated?
- timing of updates and parameters that will be updated

#### **intensity targets**

- index used (e.g. GDP or population) and source
- timing of planned updates
- parameters that will be updated

#### **carbon neutrality targets**

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

#### **policies, measures and mitigation actions**

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

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

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

Useful tools to advance guidance on information include:

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

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

#### **A. REQUIREMENTS AND MANDATE**

A robust accounting system is needed under the Paris Agreement

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

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

- Parties **shall account** for their NDCs (Art. 4.13)
- **In accounting for emissions and removals corresponding to their NDCs, Parties shall promote** environmental integrity and transparency, accuracy, completeness, comparability and consistency ("TACCC"), ensure the avoidance of double counting, and apply common methodologies (Art. 4.13), in accordance with guidance to be developed by the APA.
- Parties are obliged to apply accounting guidance to their 2nd and subsequent NDCs but may elect to apply this guidance to their first NDC (1/CP.21, para. 32).
- When "recognizing" mitigation actions with respect to emissions and removals, Parties should take into account existing methods and guidance under the Convention, in light of the provisions of 4.13 (4.14) (which in turn refers to "TACCC" principles).

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

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

## **C. RELATIONSHIP WITH GHG INVENTORIES AND ROLE OF ACCOUNTING GUIDANCE**

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

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

Types of NDCs that present particular accounting challenges include:

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



#### **D. APPROACHES ESTABLISHED UNDER THE CONVENTION AND ITS RELATED LEGAL INSTRUMENTS (KYOTO PROTOCOL)**

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

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

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

#### **E. ISSUES TO BE ADDRESSED IN GUIDANCE ON ACCOUNTING**

- Purpose
- Definitions
- Elements listed in 1/CP.21, para. 31
- Common IPCC metrics, gases, sectors, timeframes
- Multi-year v. single year targets
- Multiple contributions of different types within an NDCs
- Institutional elements and tools (registries, tracking, international oversight, transparent governance, transparency, reporting)
- Means to ensure the avoidance of double counting (including double issuance of units for the same reductions, double claiming between host country and acquiring Party, double claiming of reductions between types of domestic programmes, double claiming in different or multiple time periods, potential double claiming under UNFCCC and ICAO or IMO )
- Link between inventories and accounting system

- Options for land sector accounting that guarantee an acceptable level of environmental integrity and transparency in given contexts
- Avoidance of perverse incentives in the context of successive periods requiring progression
- Relationship with existing accounting guidance applied by Parties

#### **F. CONNECTION WITH ACCOUNTING UNDER ARTICLE 6**

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

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

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

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

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

Useful tools to advance guidance on accounting include:

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