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This document represents the author's personal opinion. It has been prepared in the context of the 2016 Annual Retreat of the Partnership on Transparency in the Paris Agreement.

The Partnership on Transparency in the Paris Agreement

In May 2010, Germany, South Africa and South Korea launched the Partnership on Transparency in the Paris Agreement (formerly: International Partnership on Mitigation and MRV) in the context of the Petersberg Climate Dialogue with the aim of promoting ambitious climate action through practical exchange. With the Paris Agreement entering into force in 2016, the way has now been paved for the Partnership to focus on implementing the Agreement and particularly on the enhanced transparency framework. Over 100 countries, more than half of which are developing countries, have taken part in the Partnership's various activities. The Partnership has no formal character and is open to new countries. Find more information on the partnership here: www.transparency-partnership.net

The Annual Partnership Retreats

The Annual Partnership Retreats are one of the Partnership's key events. They bring together professionals from all over the world, from both negotiator and national practitioner backgrounds. The retreats provide a space to discuss some of the most pressing issues in the negotiations, obtain input on the most recent work of specialists and experts in the field, and learn from each other in a spirit of mutual trust and collaboration. Topics vary from year to year and are based on countries' needs and interests as well as on the discussions arising in the international negotiations.

The purpose of the 2016 Annual Partnership Retreat was to discuss the route 'From MRV to an enhanced transparency framework in the context of NDC implementation'. A total of 32 participants from 22 developing and developed countries engaged in intense and fruitful discussions held with each other and with representatives from the UNFCCC Secretariat, the field of science and research, and implementing organisations. Find more information on the Retreat here: www.transparency-partnership.net/annual-partnership-retreat.

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LIST OF ABBREVIATIONS

APA	Ad Hoc Working Group on the Paris Agreement
CMA	Conference of the Parties serving as the meeting of the Parties to the Paris Agreement
COP	Conference of Parties
CTU	Clarity, transparency and understanding
ETF	Enhanced transparency framework
GST	Global stocktake
MPG	Modalities, procedures and guidelines
MRV	Measurement, reporting and verification
NDC	Nationally determined contribution
PA	Paris Agreement
UNFCCC	United Nations Framework Convention on Climate Change
1/CP.21	Decision 1 of the 21 st Conference of the Parties of the UNFCCC

1 Executive Summary

This discussion paper addresses some of the key questions discussed at the 2016 Annual Partnership Retreat, namely: What are nationally determined contribution (NDC) features? What is the difference between these features and the (accompanying) information for clarity, transparency and understanding (CTU)? What are the implications of such features and CTU information for accounting? How do features and accompanying information relate to the transparency modalities, procedures and guidelines and to the ambition mechanism associated with the global stocktake (GST)?

The clarity provided by the main body of the texts of decision of the 21st Conference of the Parties (1/CP.21) and the Paris Agreement (PA) varies from issue to issue. While clarity on features is minimal, the legal texts are clearer in relation to information for the CTU of NDCs, the enhanced transparency framework's (ETF) modalities procedures and guidelines (MPGs) and the GST, and these texts provide sufficient hooks to understand the linkages between these topics.

However, by introducing the new concept of features, decision 1/CP.21 may have given rise to a certain level of confusion, because most of the NDC elements that may be considered as features are actually described in the context of decisions 1/CP.20 and 1/CP.21 as information for clarity, transparency and understanding. An almost complete overlap can therefore be identified between the so-called features of the NDCs and the information for CTU that parties are requested to submit alongside their NDCs.

Some of the features have accounting implications, which means accounting guidance is required and should be followed by those NDCs using such features. Irrespective of the potential accounting implications, all features of the NDCs need to be communicated at the time of the NDC's submission in order to ensure the clarity, transparency and understanding of said NDC. Some of the additional requirements of decision 1/CP.21 (such as the need for a planning process and for the NDC to be informed by the outcome of the GST) are not considered to be features of the NDC, but are relevant in terms of information for CTU. In such cases, guidance is required on how this information for CTU should be communicated.

The guidance on accounting needs to be translated and/or reflected in the ETF MPGs, given that the purpose of the latter is to provide a clear understanding of climate change action, including clarity on and the tracking of progress towards the achievement of Parties' individual NDCs under article 4. Likewise, guidance on information for CTU needs to be considered in the ETF MPGs, because there is a need for consistency between the methodology communicated in the NDC and the methodology for reporting on progress towards achieving individual Parties' respective NDC (as required by paragraphs 93 and 94b of decision 1/CP.21). However, in certain circumstances, some information for CTU only needs to be submitted once (together with the NDC) and not regularly in the scope of the ETF.

NDC FEATURES, TRANSPARENCY AND AMBITION

Given the above-mentioned overlap, in this paper features and information for CTU will, when considered generally, be referred to as 'elements'. Some of these elements are features, others are information for CTU and most are both.

In this context, the following elements have been identified:

- Reference points (including, as appropriate, a base year)
- Times frames or periods for implementation
- Scope and coverage
- A planning process
- Assumptions and methodological approaches
- Fairness and ambition, which represent a progression beyond the current NDC
- Ensuring the NDC is informed by the outcomes of the global stocktake and contributes towards achieving the ultimate objective of the United Nations Framework Convention on Climate Change (UNFCCC) as set out in its Article 2
- Identification of support needs and the level of conditionality of implementation to the support received
- Use of cooperative approaches under Article 6 of the PA for achieving the contribution
- Inclusion of sinks and reservoirs, including forests, in the NDC
- A mitigation component
- An adaptation component.

For each of these elements a proposal is put forward for potential guidance on features, information for CTU, and accounting and also for the ETF MPGs, where relevant. No effort has been made to rank the proposals according to their level of relevance, importance, priority, feasibility or acceptability. Recommendations for potential guidance have therefore been made in cases where such guidance was deemed useful to support Parties (in particular those with less capacity) on their implementation of decision 1/CP.21 and the requirements of the Paris Agreement and to enhance the transparency of the NDCs.

2 Introduction

This discussion paper addresses a set of key questions discussed at the 2016 Annual Partnership Retreats: What are NDC features? What is the difference between these features and the (accompanying) information for CTU? What accounting implications arise from such features and information for CTU? How do features and accompanying information relate to the transparency modalities, procedures and guidelines and to the ambition mechanism associated with the global stocktake (GST)?

However, this paper does not focus solely on these questions; rather, it expands and develops on the discussions that took place at the Retreat. That said, it is important to underline that the contents of this paper should not be considered as a reflection of any of the discussions held at the Retreat.

The aim of this paper is to provide further insights on the key mitigation¹ elements of the NDCs, which of these can be considered features and which have accounting implications, and on what accounting guidance may be required, what information for CTU should accompany NDCs and what needs to be included in the ETF MPGs.

The reference to the ambition mechanism, namely the GST, is only made in the sense that information for CTU will serve either directly or indirectly as an input to the stocktake. For this reason, there are no further discussions on this particular topic.

Chapter 3 contains a factual assessment of the mandates from Paris and Marrakech. By referring directly to the agreed texts resulting from Paris and Marrakech, the paper therefore attempts to make the concepts of features and information for CTU and issues relating to accounting as clear as possible.

Chapter 4 lists the 'elements' mentioned in the mandates and agreed texts (described in Chapter 3) and makes a proposal as to whether such elements

- can be considered to be features,
- are information for CTU,
- have accounting implications and
- should be addressed by the MPGs of the ETF, and
- whether any additional guidance on such elements should be required.

In this chapter, the paper does not assume that all Parties are of a given view, nor does it highlight where Parties disagree, as this would require a lengthy analysis that does not fit with the purpose of this paper.

¹ In this paper, adaptation is considered a feature of the NDCs.

3 The mandates from Paris and the conclusions from Marrakech

This section of the report addresses the mandates included in decision 1/CP.21 and tries to establish and highlight the links created by the Paris Agreement (PA) and by the main text of decision 1/CP.21 between: NDC features; information for clarity, transparency and understanding (CTU); accounting; the modalities, procedures and guidelines (MPGs) of the enhanced transparency framework (ETF); and the GST.² In addition to the texts agreed in Paris, this section also addresses the conclusions from Marrakech, which capture the key questions (though not answers) arising from the different views expressed by Parties at Conference of Parties (COP) 22. Indeed, the diversity of the views expressed in Morocco indicates that Parties' understandings of the concepts addressed in this paper differ to a large degree.

3.1 NDC Features

Paragraph 26 of decision 1/CP.21 calls on the Ad Hoc Working Group on the Paris Agreement (APA) to 'develop further guidance on features of nationally determined contributions'. This is the only reference to features in the decision and in the Paris Agreement. As a result, the interpretation of what features are and what is meant by further guidance on features can be very broad. Some Parties have interpreted this request to relate to new features and some to features already enshrined in the Paris Agreement and in previously submitted NDCs, while others interpret the mandate as relating only to guidance on information (CTU) on the features of NDCs.

Article 4 of the Paris Agreement, while not explicitly referring to the concept of features, does require that NDCs:

- represent a progression from previous NDCs;
- represent the highest possible ambition (and, whenever required, be adjusted for that purpose);
- include economy-wide emissions reduction targets (for developed countries);
- move over time towards economy-wide emissions reduction or limitation targets (developing countries);
- be communicated every five years;
- be informed by the outcomes of the GST;
- be accounted for in order to promote environmental integrity, transparency, accuracy, completeness, comparability and consistency and to avoid double counting.

² Herein, reference to the GST is limited to the fact that all other elements may directly or indirectly serve as an input to the GST.

Although article 4 does not determine NDC time frames, it does request that the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement (CMA) consider setting common time frames for NDCs.

In accordance with the informal tenor of the Marrakech discussions, some Parties argued that further guidance might be needed, while others asserted that compiling features in a structured way (i.e. listing which are NDC features, without any further elaboration) should suffice.

3.2 Information for clarity, transparency and understanding of NDCs

Paragraph 27 of decision 1/CP.21 defines what information Parties must submit along with their NDC in order to facilitate clarity, transparency and understanding (referred to in this section as CTU information) of the NDCs themselves. This CTU information may include among other things, and as appropriate, the following **quantifiable information**:

- reference points (including, as appropriate, a base year);
- implementation time frames and/or periods;
- 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
- the extent to which the Party considers its NDC to be fair and ambitious in light of its national circumstances, and the extent to which the NDC contributes to achieving the objective of the UNFCCC as set out in its article 2.³

Paragraph 28 then requests the APA to develop further guidance on CTU information, which, as per paragraph 27, includes but may not be limited to the items listed above.

The list of CTU information allows for the potential identification of features that are not clearly identified in article 4 of the Paris Agreement, such as reference points and time frames/periods for implementation.

In Marrakech, Parties stressed the difference between the accompanying information for the clarity, transparency and understanding of NDCs (ex-ante) and the information relevant to the transparency framework (ex-post). Several Parties noted that further guidance could identify common information elements as well as elements specific to different aspects of NDCs. Furthermore, a number of Parties noted that common information elements run contrary to the discretionary, optional and voluntary nature of the NDCs.

³ The language in paragraph 27 of decision 1/CP21 is the same as that in paragraph 14 of decision 1/CP20.

3.3 Accounting

Article 4 paragraph 13 of the Paris Agreement states that ‘Parties shall account for their nationally determined contributions. In accounting for anthropogenic emissions and removals corresponding to their nationally determined contributions, Parties shall promote environmental integrity, transparency, accuracy, completeness, comparability and consistency, and ensure the avoidance of double counting, in accordance with guidance adopted by the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement.’

Paragraph 31 of decision 1/CP.21 requests the APA to draw up guidance on accounting for Parties’ nationally determined contributions. This guidance should ensure that 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 Conference of the Parties serving as the meeting of the Parties to the Paris Agreement;
- ensure methodological consistency, including on baselines, between the communication and implementation of nationally determined contributions;
- 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;
- commit to provide an explanation of why any categories of anthropogenic emissions or removals are excluded.

In Marrakech, Parties recognised the principles referred to in article 4 paragraph 13 of the Paris Agreement and noted that the elements specified in paragraph 31 of decision 1/CP.21 could be a starting point for discussions on drawing up guidance for accounting. Several Parties stated that flexibility in the guidance is needed to accommodate different national circumstances and the diversity of NDCs.

3.4 Common modalities, procedures and guidelines of the enhanced transparency framework

The Paris Agreement institutes an enhanced transparency framework (ETF) for action and support that, building upon and enhancing the transparency arrangements under the UNFCCC, shall take into account Parties’ different capacities and shall provide flexibility in the implementation of a set of common modalities, procedures and guidelines (MPGs).

Article 13.5 of the Paris Agreement states that ‘The purpose of the framework for transparency of action is to provide a clear understanding of climate change action in the light of the objective of the Convention [UNFCCC] as set out in its Article 2, including clarity and tracking of progress towards achieving Parties’ individual nationally determined contributions under Article 4’.

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Paragraph 7(b) of Article 13 implies that the ETF is to act as the vehicle through which Parties provide the ‘Information necessary to track progress made in implementing and achieving its nationally determined contribution under Article 4.’

The ETF will include MPGs for GHG inventories (to be submitted annually by Parties that do so already and biennially by the others) and a biennial report that contains information on emissions, mitigation and adaptation action and on the support needs, as well as the support received from and provided to others.

Information contained in these biennial reports will include details of progress towards achieving NDCs, including the accounting information referred to Article 4 paragraph 13 of the Paris Agreement. Paragraph 93(f) of decision 1/CP.21 requests that the MPGs provide for the need to ensure that double counting is avoided, which is one of the key accounting principles.

Paragraph 94 (b) of decision 1/CP.21 prescribes that, in the development of the MPGs, ‘The consistency between the methodology communicated in the nationally determined contribution [as part of the information for CTU referred to in article 4 paragraph 8] and the methodology for reporting on progress made towards achieving individual Parties’ respective nationally determined contribution’ should be considered. This means that, while the information submitted on a one-off basis together with the NDC (as information for CTU) is different to that submitted in the biennial reports related to the ETF, the methodologies used to produce and report such information should be consistent.

3.5 The global stocktake

Article 14 of the Paris Agreement determines that the CMA ‘shall periodically take stock of the implementation of the Agreement to assess the collective progress towards achieving the purpose of this Agreement and its long-term goals’.

Paragraph 99 of decision 1/CP.21 requires that the sources of input to the global stocktake include information on the overall effect of NDCs communicated by Parties.

Article 13 paragraph 5 of the Paris Agreement states that ‘The purpose of the framework for transparency of action is ... to inform the global stocktake under Article 14.’

The discussions held in Marrakech reiterated that information on the overall effect of NDCs and the transparency framework are sources of input to the global stocktake.

3.6 The links and relationships

The clarity provided by the main body of the texts of decision 1/CP.21 and the Paris Agreement varies from issue to issue. While clarity on features is minimal, the texts are clearer in relation to information for CTU of NDCs, the ETF’s MPGs and the global stocktake, and they provide sufficient hooks to understand the linkages between these topics.

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However, by introducing the new concept of features, decision 1/CP.21 may have given rise to a certain level of confusion, because most of the NDC elements that may be considered as features are actually described in the context of decisions 1/CP.20 and 1/CP.21 as information for CTU. An almost complete overlap can therefore be identified between the so-called features of the NDCs and the information for CTU that parties are requested to submit alongside their NDCs. In this regards, huge similarities and, depending on the point of view, an almost complete overlap can be identified between the so-called features of the NDCs and the information for CTU that parties are requested to submit alongside with their NDCs⁴.

The image below attempts to capture the relationship between these topics, with the NDCs and their features lying at the core.⁵

Some of the features have accounting implications, which means accounting guidance is required and should be followed by those NDCs using such features. Irrespective of the potential accounting implications, all features of the NDCs need to be communicated when the NDC is submitted in order to ensure the clarity, transparency and understanding of the NDC itself. Some of the additional requirements of decision 1/CP.21 (such as the planning process and the need for the NDC to be informed by the outcome of the global stocktake) are not considered to be features of the NDC, but are relevant in terms of information for CTU. In such cases, guidance is required on how this information for CTU should be communicated.

The guidance on accounting needs to be translated and/or reflected⁶ in the ETF MPGs, given that the purpose of the latter is to provide a clear understanding of climate change action, including clarity on and the tracking of progress towards the achievement of Parties' individual NDCs under article 4 of the Paris Agreement.

Guidance on information for CTU needs to be considered in the ETF MPGs, because there is a need for consistency between the methodology communicated in the NDC and the methodology for reporting on progress towards achieving individual Parties' respective NDCs (as required by paragraphs 93 and 94b of decision 1/CP.21).

⁴ An almost complete overlap between features and information for CTU does not mean that they are one and the same thing. In this report we consider that, given the lack of clarity in the Paris Agreement, in most cases something that is deemed to be a feature should also be addressed from the perspective of information for CTU and vice versa. However, in some cases it may become clear that certain elements are only features and not information for CTU and vice versa. It therefore makes sense to address certain issues from both perspectives at the same time, which requires the production of guidance as a feature and guidance as information for CTU.

⁵ As mentioned above, there is an almost complete overlap between features and information for CTU. However, for analytical purposes, these concepts are kept separate herein because certain elements may not qualify as features and because decision 1/CP.21 requires that work be undertaken on both features and information for CTU.

⁶ This notion of reflection is represented in the flow chart by the use of dashed borders on the flow chart shapes.

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Finally, information on the overall effects of NDCs (for which information for CTU plays a key role) and information/reports accruing from the ETF (note that information on the effects of NDCs will be included in the ETF reports) serve as inputs to the global stocktake.⁷

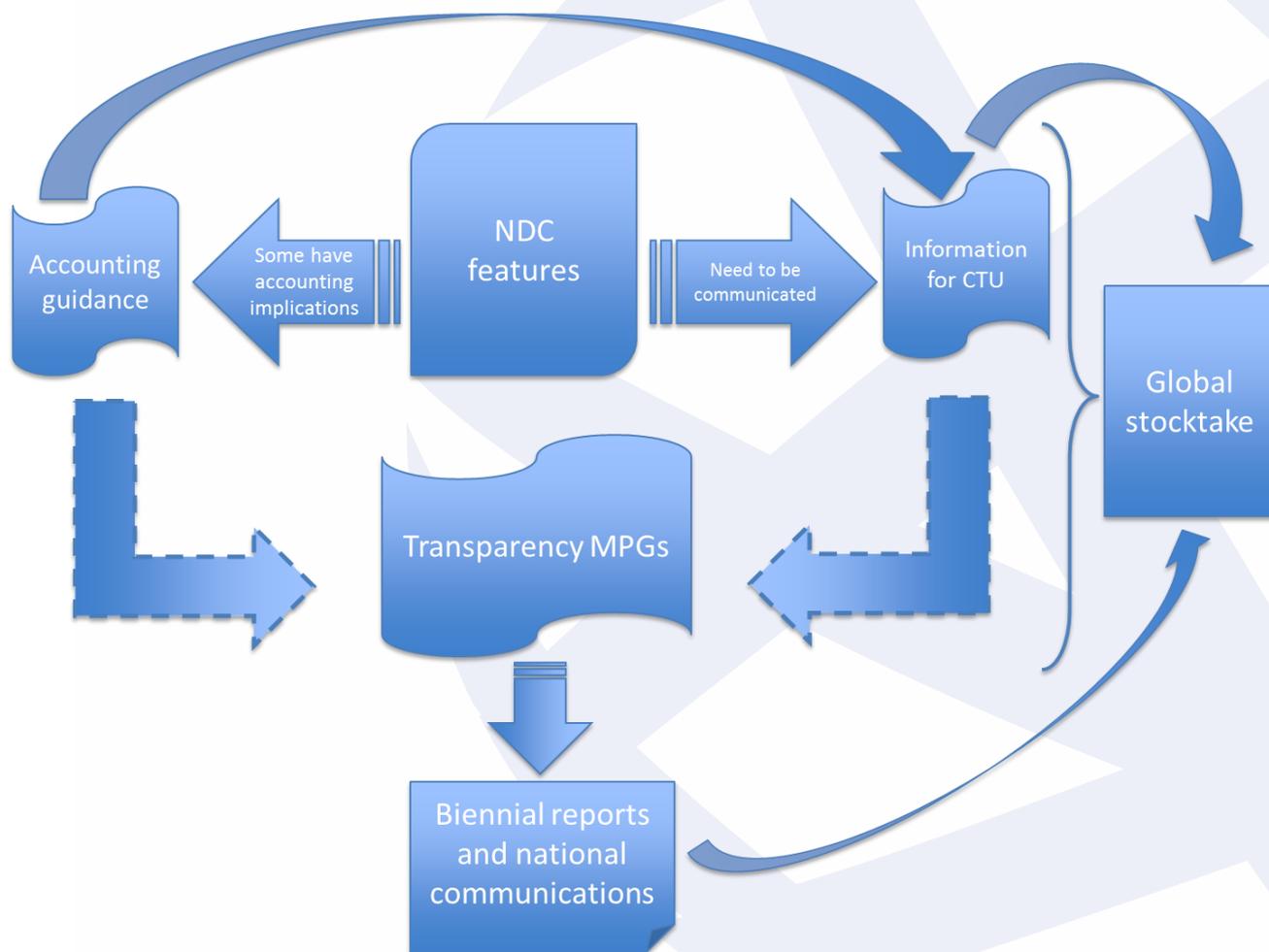


Figure 1. Links between features, accounting, information, transparency and the global stocktake⁸

⁷ This paper addresses neither the consideration of this information in the scope of the global stocktake, nor the use of the global stocktake's outcomes by Parties in preparing their NDCs.

⁸ It is still under negotiation whether there is a direct link between accounting guidance and the GST (e.g. in terms of reporting requirements defined as part of accounting guidance).

4 Untangling the cord and tying the knots: features and CTU

By analysing the legal texts, submissions from Parties and additional literature, this chapter will provide further insight into the key elements of the NDCs, which of these can be considered features and which have accounting implications and into what accounting guidance may be required, what information for CTU should accompany NDCs and what needs to be included in the ETF MPGs in order to ensure that the global stocktake has adequate information.

A feature is defined as ‘a typical quality or an important part of something’.⁹ An NDC feature can therefore be understood as an important element of, a characteristic of or an element that one expects to find in an NDC. In the informal notes of the Marrakech discussions, Parties are recorded as noting that features could be understood as characteristics of NDCs or, put more simply, as what NDCs ‘look like’. To identify all these important elements, a detailed scanning of decision 1/CP.21 and of the Paris Agreement has been performed.

As mentioned before, there is an overlap between features and information for CTU. Some therefore claim that, despite the distinction made in decision 1/CP.21, they should be considered as a single concept; some, however, argue that the two concepts are different and should be treated as such; whereas others, although arguing for separate consideration, do notice the overlaps to a greater extent than others. Reflecting these differing views and in keeping within the Paris mandate, the discussions in Marrakech confirmed two work tracks and provided some insight into the differentiated treatment of features and information for CTU.

Given the above-mentioned overlap, in this paper features and information for CTU will, when considered generally, be referred to as ‘elements’. Some of these elements are features, others are information for CTU and most are both.

In this context, the following elements have been identified:¹⁰

- Reference points (including, as appropriate, a base year)
- Times frames or periods for implementation

⁹ <http://dictionary.cambridge.org/dictionary/english/feature>

¹⁰ Throughout this document, a number of references are made to important divergences between Parties on whether certain elements are features or CTU information. While features and CTU information are differentiated as two items in the negotiations, many agree that they are closely related and should be co-ordinated well. There are even more fundamental issues dividing Parties, namely whether NDCs should have an adaptation component (i.e. whether the adaptation component is an NDC feature). Several Parties have included an adaptation component in their INDC. Article 7 paragraph 11 of the Paris Agreement states that Parties may submit an adaptation communication together with, among other things, their NDC. Based on this provision, it may be argued that adaptation may be a component, an element and thus a feature of the NDC.

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- The scope and coverage
- A planning process
- Assumptions and methodological approaches
- Fairness, ambition, and a progression beyond the current NDC
- Ensuring the NDC is informed by the outcomes of the global stocktake and contributes towards achieving the ultimate objective of the UNFCCC as set out in its article 2
- Identification of support needs and the level of conditionality of implementation to the support received
- Use of cooperative approaches under article 6 for achieving the contribution
- Inclusion of sinks and reservoirs, including forests, in the NDC
- A mitigation component
- An adaptation component.

In addition to these elements, many assert that the reference to ‘quantifiable [CTU] information’ in paragraph 27 of decision 1/CP.21 establishes an important feature of NDCs, namely quantifiability (of the information provided). However, according to the text of paragraph 27¹¹ of decision 1/CP.21, quantifiability should be considered more as a characteristic (i.e. a feature) of the information for CTU rather than of the NDCs themselves. In this paper, the importance of the concept of quantifiable information will be highlighted. However, it will not be considered as a feature of the NDC, but rather as a request made in decision 1/CP.21 that needs to be addressed when developing guidance on information for CTU.

The analysis below includes proposals for potential guidance on features, information for CTU, and accounting, and also for the ETF MPGs. No effort has been made to rank the proposals according to their level of relevance, importance, priority, feasibility or acceptability. Recommendations for potential guidance have therefore been made in cases where such guidance was deemed useful to support Parties (in particular those with less capacity) on their implementation of decision 1/CP.21 and the requirements of the Paris Agreement and to enhance the transparency of the NDCs.

4.1 Reference point (1/CP.21 paragraph 27)

The reference point describes the situation against which the contribution is determined. Usually NDCs are expressed as a target situation that is compared to the situation occurring at the reference point. This reference point can be either a single, specific year in the past or an emissions baseline (which itself requires a reference/starting year from which emissions

¹¹ Paragraph 27 of decision 1/CP.21 states that the Conference of the Parties ‘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* [emphasis added]’.

and mitigation scenarios are projected) that depicts a country's emissions and socio-economic situation in the absence of climate-specific policies.

Further guidance on the feature could help to improve transparency and comparability (e.g. if all countries are requested to use the same base year and all NDCs are assessed against that reference). However, the choice of a reference point is a key aspect of the national determination of the contribution, as a given year represents a broad range of development stages and particular circumstances for the different countries.

Further guidance on the information for CTU should require a transparent description of the reference point (e.g. a clear indication of, where appropriate, the base year) and could also include a request for an explanation of the choice of reference point. Specific detailed information on the baselines chosen as reference points should be required (see section [4.5](#) below on assumptions and methodological approaches).

The choice of a reference point has important **accounting implications**, in particular because, for the same headline figure, different reference points may represent very different levels of ambition. While this may be true for base years (given they involve a much simpler and more straightforward approach), the potential accounting implications are greater when the reference point is a baseline. In this case, it is essential to be transparent about and set clear rules on what counts.

Ideally, the enhanced transparency framework's modalities, procedures and guidelines (ETF MPGs) should include provisions for a transparent description of the reference point, consistent with the guidance on information for CTU. In particular, the MPGs should request that reports be provided on any changes to the reference point.

4.2 Time frames and/or periods of implementation (paragraph 27 of decision 1/CP.21, and Article 4 paragraph 9 of the Paris Agreement)

Time frames and/or periods for implementation are a fundamental feature of NDCs. As with any other target or goal, the NDCs are required to include a date by which they will be attained.

Further guidance on this specific feature is mandated in article 4 paragraph 10 of the Paris Agreement, which requires that common time frames be considered. Agreeing on common time frames will greatly facilitate stocktaking at the global level but, without question, removes an important aspect of national determination. Most of the NDCs submitted set 2025 or 2030 as their time limits, which indicates that an agreement on time frames/periods for implementation could be reached for future NDCs.

Guidance on information for CTU should be straightforward on this matter, requesting a clear indication of the time frames and/or periods for implementation.

While this feature does not have a direct **implication on accounting per se**, it is fundamental to determining the temporal boundaries of the actual accounting exercise.

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However, from a procedural point of view, it may indeed have an important accounting implication – e.g. in determining whether the assessment of the achievement of the NDC is made at the same time for all Parties or not.

The ETF MPGs should require a clear indication of the time frames and/or periods for implementation of the NDCs. Guidelines for reporting on emissions projections should request that the projections take into account the reference points and the time frames/periods for implementation.

4.3 Scope and coverage

Providing a clear indication of scope and coverage (in terms of emissions sectors and greenhouse gases) is of the highest importance. While article 4.4 requires developed countries to take on economy-wide targets (meaning that all sectors and all gases need to be included), the same article provides flexibility to developing countries and also encourages them to move over time towards economy-wide targets. This provides a clear indication that developing countries are expected to change the scope and coverage of their NDC over time and that, while these changes are self-determined, they should ultimately aim to broaden their NDC's scope and coverage to include all sectors and gases.

Changing scope and coverage is another extremely important aspect of the national determination of the contribution, which may make securing agreement in the negotiations on the need for guidance in this area particularly challenging. However, **further guidance on this feature** could facilitate the prioritisation of sectors and gases to include in the NDC. In addition, and in response to the transition requested in article 4.4, guidance could also support those developing countries moving over time towards economy-wide targets by providing tools or a space for the exchange of relevant experiences and best practice.

Guidance on information for CTU should include, possibly in a tabular format, a request for a clear indication of the sectors and gases included in the NDC. In accordance with paragraph 31(d) of decision 1/CP.21, guidance should request an explanation of the rationales for not including sectors and/or gases. It should also include provisions for a statement on whether the country is moving towards an economy-wide target as encouraged by article 4 paragraph 4 of the Paris Agreement.

The **accounting implications** of the NDC's scope and coverage are important, because the NDCs can differ significantly to the scope and coverage of the national greenhouse gas (GHG) inventory. Clear information on scope and coverage provided as part of the information for CTU and under the ETF will make it easier to address these accounting implications.

The **ETF MPGs** should acknowledge that different Parties may have chosen different scopes and coverage for their respective NDCs. They should also provide an opportunity for Parties

to clearly indicate which sectors and gases are included in the NDC, as happens with information for CTU. A request for any updates on moving towards an economy-wide target could also be included in the MPGs and could include efforts falling between NDC cycles.¹²

4.4 Planning process

The planning process is not a feature of the NDC; rather, it is the process that leads to its development and approval. Guidance on information for CTU should request a description of the key steps taken to develop the NDC, including stakeholder engagement and the decision-making process adopted to this end. There are no accounting implications related to the planning process and the ETF MPGs should not require this information to be reported regularly.

4.5 Assumptions and methodological approaches

As with the planning process, the assumptions and methodological approaches are not a feature of the NDC per se. Rather, they are a fundamental aspect related to the robustness and transparency of the NDC. However, given that different types of NDCs require the use of different types of methodologies and that different countries use different assumptions in their NDCs, **guidance** on this matter should be useful to (a) facilitate the process to prepare an NDC and (b) increase its robustness and transparency.

Guidance on information for CTU should include detailed requests for information, where appropriate using tabular formats, on the methodologies and assumptions used. This request should be specific to each type of NDC and should include, among other things, an indication of the methodologies and metrics used to estimate GHG emissions and, where relevant, of key parameters and assumptions (e.g. GDP and population growth, and the evolution of the energy mix and of the drivers of land use change). Parties may also be required to explain the underlying assumptions and the choice of a specific value over alternative values or, where applicable, to provide more information on actual data.

While the methodologies and assumptions used do not have a **direct accounting implication** per se, the consistency, or otherwise the lack of consistency, of the methodologies and assumptions used in the elaboration of the NDC and in its reference point on the one hand, and of those used in tracking progress towards its implementation, on the other, may have accounting implications. In other words, if, in the process of tracking progress towards implementation of the NDC, the methodologies and assumptions used are different to those used in the reference point, there needs to be a request that the reference point is recalculated using the new methodologies and assumptions.

¹² The Party can report in the period between submitting NDCs whether it is considering submitting or planning to submit an economy-wide target with its next NDC and can describe the steps it is taking to that end.

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The **ETF MPGs** should request a detailed description of the methodologies and assumptions (using the guidance on information for CTU as reference) and request that the methodologies and assumptions used for the reference point be consistent with those used to track progress towards implementation. In cases where methodologies and assumptions have been changed, the MPGs should also request a quantitative assessment of the impact of these changes on the ambition of the NDC.

4.6 Fairness, ambition and a progression beyond the current NDC

Fairness and ambition are two key features of the NDC as they directly address the requirement set out in article 4 paragraph 3 of the Paris Agreement that each NDC ‘reflect its highest possible ambition, reflecting its common but differentiated responsibilities and respective capabilities, in the light of different national circumstances.’

Guidance on information for CTU should request information that explains and demonstrates how its NDC is fair and ambitious, reflecting the highest possible ambition and representing a progression beyond the current NDC.

This feature does not have accounting implications. There should only be a requirement to report on fairness and ambition under the MPGs in cases where the existing NDC is revised as a consequence of any changes in the methodologies and assumptions.

4.7 Be informed by the outcome of the global stocktake and contribute towards the UNFCCC’s ultimate objective

Article 4 paragraph 9 of the Paris Agreement requires that NDCs be informed by the outcome of the global stocktake, and paragraph 27 of decision 1/CP.21 requires that the NDC contribute to the ultimate objective of the UNFCCC as set out in its article 2.

Guidance on how the NDC is to be informed by the GST will most likely result from the discussions on the outcomes of the GST. This output should be taken into account in any further guidance on this matter. Guidance on fairness and ambition will make it easier to determine how the NDC contributes to the ultimate objective of the UNFCCC, which means no further guidance should be required on this topic.

Guidance on information for CTU should require an explanation of how the NDC has been informed by the GST. A demonstration that the NDC is contributing to the ultimate objective of the UNFCCC should flow from the discussion on ambition and fairness and could therefore be merged with guidance on those features.

These features have no accounting implications and would appear to lack sufficient merit for inclusion in the ETF MPGs for regular reporting. The information provided for CTU should be sufficient.

4.8 Support needs

As stated in paragraph 52 of decision 1/CP.21, ‘financial support provided to developing country parties should enhance the implementation of their policies, strategies, regulations and action plans ... and contribute to the achievement of the purpose of the [Paris] Agreement as defined in its Article 2’. Support is therefore considered as a **feature**¹³ of NDCs submitted by developing countries. In their currently submitted (I)NDCs, developing countries have determined the extent to which these NDCs may be implemented using solely national resources and what part can only be achieved with international support. This is commonly referred to by some as ‘conditionality’. Additional **guidance on this feature** may be important to support developing countries in their work to determine the costs and support required (financial, technological, capacity building, etc.) for the implementation of their respective NDCs.

Further **guidance on information for CTU** is fundamental to ensure the transparency of NDCs. This guidance should focus on the provision of transparent information about what type of support is needed – financial (including different types of financial instruments), technological and/or capacity building – and how much. Guidance should also request clear information on how much and what part of the NDC will be implemented using only national resources and what part will be implemented only with international support.

This feature has major **accounting implications**, as a given headline number submitted by a Party in its NDC may be subject to varying degrees of conditionality. Only in rare cases will a developing country fully implement its NDC using only national resources or, conversely, not be able to implement even minor parts of the NDC without the full provision of international support.¹⁴ Whereas some Parties think that developing countries should report collective progress without having to distinguish the different contributors, and should provide such information as part of the support received, other Parties prefer the transparent mentioning of domestic and international resources.

The **ETF MPGs** should require the provision of detailed information on the support received by developing countries and its impact on the implementation of their respective NDCs. However, in accordance with the Paris Agreement, the provision of information on support received is not mandatory and the information itself is not subject to review.

4.9 Cooperative approaches under article 6

Article 6 of the Paris Agreement foresees that Parties may ‘pursue voluntary cooperation in the implementation of their NDCs’ and that, in some cases, such cooperation may ‘involve the use of internationally transferred mitigation outcomes’.¹⁵ This means that a Party may

¹³ Views differ as to whether support needs is a feature of NDCs.

¹⁴ Actual NDC implementation most often involves a mixture of domestic and international resource provision.

¹⁵ In this context, article 6 of the Paris Agreement establishes a ‘mechanism to contribute to the mitigation of greenhouse gas emissions and support sustainable development’.

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achieve its NDCs by (partially) using mitigation outcomes (emissions reductions) that have occurred in the territory of another country (and potentially within the scope and coverage of its respective NDC).

Further **guidance on this feature** will be addressed in the discussions under article 6, which may provide an indication of the types of cooperative approaches involved and their respective rules, modalities and procedures.

Guidance on information for CTU should include a request for information on which cooperative approaches the party intends to take up and how this participation will affect its NDC, particularly when the approaches in question imply the international transfer of mitigation outcomes. In addition, an estimation of the volumes of internationally transferred mitigation outcomes should also be included as information for CTU.

The use of internationally transferred mitigation outcomes for an NDC has important **accounting implications**, as these outcomes will be directly relevant for tracking the progress of NDCs and because of their potential to reduce the overall global mitigation ambition, in particular when double counting and environmental integrity is not ensured. The provisions of article 4 paragraph 13 of the Paris Agreement are particularly important in this context.

The **ETF MPGs** should include a requirement for the provision of qualitative and quantitative information on the use of cooperative approaches under article 6 of the Paris Agreement, including the volumes of internationally transferred mitigation outcomes and how the principles of the Agreement's article 4 paragraph 13 (such as environmental integrity, transparency and avoidance of double counting) have been observed.

4.10 Sinks and reservoirs, including forests

Article 5 of the Paris Agreement states that 'Parties should take action to conserve and enhance, as appropriate, sinks and reservoirs of greenhouse gases ... including forests.' It further encourages 'Parties to take action to implement and support, including through results-based payments, the existing framework ... under the convention', in particular in relation to reducing emissions from deforestation and forest degradation.

Further **guidance on this feature** may include options for the inclusion of such activities in the NDC and guidance on methodologies and approaches for estimating and accounting for these activities' respective emissions and removals. Along these lines, **further guidance on information for CTU** should request a clear indication of which sinks and reservoirs are included in the NDC and of the actions for conserving and enhancing them. Furthermore, a clear description of the methodologies used to estimate and account for the emissions and removals should be requested.

The inclusion and choice of methodologies for estimating and accounting for emissions of sinks and reservoirs of greenhouse gas emissions have potentially significant **accounting implications**. Clear rules (guidance on the feature, on information for CTU and on the ETF MPGs) are fundamental to minimise such impacts.

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The **ETF MPGs** should require the regular provision of information on the approaches and methods adopted to estimate emissions and removals (when the information in the GHG national inventory report [NIR] is not sufficient to do so) and on the contribution of such emissions and removals to the achievement of the NDC.

4.11 Mitigation

NDCs have a mitigation component (and may have an adaptation component). All the elements described above apply to the mitigation component of the NDC. In addition, *further guidance* on the mitigation component of NDCs could include guidelines on the types of emissions limitation or reduction targets that can be included in the NDC. Additionally, guidance on how mitigation co-benefits of adaptation action and of actions that enhance economic diversification can be taken into account¹⁶.

No specific further guidance on information for CTU is required (relevant issues are addressed in the remaining features described above). However, as for the *ETF MPGs*, guidance should be designed in such a way as to address the specificities of each type of target.

Finally, in terms of *accounting implications*, it is worth noting that each type of target has different accounting approaches and challenges that need to be taken into account.

4.12 Adaptation

Several countries have included an adaptation component in their respective (I)NDC. Article 7.11 of the Paris Agreement notes that the adaptation communication established in article 7. 10 and which may include adaptation priorities, implementation and support needs, plans and actions, may be included in the NDC. When such communication is included in the NDC, while there are many differing opinions on the matter, and while article 4 of the Paris Agreement is restricted to mitigation, this adaptation component could be considered an NDC feature. As such, information on this component should be subject to the same principles as that of the mitigation component, namely in relation to clarity, transparency and understanding.

Taking into account the on-going work on adaptation, *further guidance* on the adaptation feature could facilitate countries determining effective approaches to including adaptation in their respective NDCs. Likewise, further guidance on information for CTU could facilitate countries providing clear information on their adaptation goals, actions, priorities and needs, including support needs and demonstrating how their adaptation action is contributing to achieving the overall goals of the Paris Agreement and of the Convention.

¹⁶ Paragraph 127b) of decision 1/CP.21 decides that the technical examination process on adaptation (established in paragraph 124) will address these topics.

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The ETF MPGs should request the provision of information on progress towards achieving the adaptation component of the NDC, as well as on the support received for that purpose.

The table in the annex provides a summary overview of the analysis above.

5 Conclusion

The Paris Agreement and decision 1/CP.21 are not overly clear about exactly what constitutes a feature of an NDC. Indeed, many of the elements considered in this paper to be features are actually listed in decisions 1/CP.20 (paragraph 14) and 1/CP.21 (paragraph 27) as information to be communicated by Parties when communicating their NDCs in order to facilitate clarity, transparency and understanding.

Most of the items listed in the above-mentioned decisions can in fact be considered NDC features if one understands that they are, as proposed in this report, 'a typical quality or an important part of something'.¹⁷ **Following this understanding, an NDC feature is an important element of an NDC or an element that one expects to find in an NDC.**

In this paper, several elements of the NDCs have been identified through the detailed analysis of, in particular, decision 1/CP.21 and its annex (the Paris Agreement). Most of these elements have been considered as features (only the planning process and the assumptions and methodologies do not seem to qualify as features, but that does not mean they are less important in terms of other aspects of the analysis). For some of these elements or features, further guidance could be relevant. When further guidance on the relevant features is proposed in this discussion paper, it does not mean that guidance will be mandatory or that it should be designed in such a way that it reduces the national determination of the contribution. Some of the guidance proposed mainly serves the purpose of supporting Parties – particularly those with less capacity – on their preparation and communication of sound, robust, transparent and effective NDCs that are aligned with their national circumstances and fit to gain international support for their implementation.

Additionally, where appropriate, a recommendation was made regarding further guidance on information for clarity, transparency and understanding. In most cases, this additional guidance will enhance the quality of the process and in particular will result in higher-quality information for the global stocktake. In some cases, information submitted when communicating the NDC does not need to be included or updated in the regular reporting under the enhanced transparency framework. On the contrary, for some key features of the NDC, information should be provided in the biennial reports foreseen in the Paris Agreement.

Finally, each of the elements and features of the NDCs were assessed to determine which have accounting implications. As a rule, the features that have accounting implications need to be subject to stricter guidance not only in respect of the features themselves, but also in relation to information for CTU and to the ETF MPGs.

¹⁷ <http://dictionary.cambridge.org/dictionary/english/feature>

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Annex 1 – Summary of required guidance

Element	Is the element a feature?	Further guidance on the feature	Further guidance on the information for CTU	Accounting implication	ETF MPGs
Reference point including, as appropriate, the base year (paragraph 27 of decision 1/CP.21)	Yes	While not fundamental, harmonising the reference points, including base years, would enhance the transparency of the whole regime.	Guidance should include the identification of the reference (specific year, period or baseline) with which the NDC has been determined.	Choosing a specific reference point (either a year, period or baseline) has major implications because, for the same headline number, different years or baselines may imply different levels of ambition.	The MPGs should include provisions for reporting on the reference point. The description of the baseline should include the assumptions and methodology used and state whether or not the baseline is fixed or changeable.
Time frames and/or periods for implementation (paragraph 27 of decision 1/CP.21;	Yes	The discussion on common time frames (article 4 paragraph 10 of the PA) may	Guidance should include the identification of the end-point by or period in (year or	From a procedural point of view, this feature has an important accounting	The MPGs should include the identification of the year or period.

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Element	Is the element a feature?	Further guidance on the feature	Further guidance on the information for CTU	Accounting implication	ETF MPGs
article 4 paragraph 9 of the PA)		constitute further guidance on this matter.	interval of years) which the NDC will be achieved.	implication, namely in relation to whether the assessment of the achievement of the NDC is made at the same time for all Parties or not.	(Guidelines on emissions projections should take the time frames into account).
Scope and coverage (paragraph 27 of decision 1/CP.21)	Yes	Additional guidance for developing countries on how to move over time towards economy-wide emissions reduction or limitation targets in the light of national circumstances.	Guidance should include the identification of which gases and sectors are included in the NDC and an explanation of why some, if any, are excluded.	This feature has major accounting implications, given that important parts of the economy (if not all sectors are included) and of the emissions (if not all gases are included) may be left out of the NDC.	The MPGs must take into account that in situations where an NDC does not include all sectors and all gases, reporting on the NDC will be limited to the sectors and gases covered. However, the information on

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Element	Is the element a feature?	Further guidance on the feature	Further guidance on the information for CTU	Accounting implication	ETF MPGs
					GHG emissions submitted within the scope of the GHG inventory still needs to be in accordance with the IPCC guidelines.
Planning process (paragraph 27 of decision 1/CP.21)	No	No further guidance on this feature should be developed.	Guidance should include a description of the planning and of the decision-making process used for the NDC.	No accounting implication.	The MPGs do not need to address this topic.
Assumptions and methodological approaches (paragraph 27 of decision 1/CP.21)	No	Guidance on key assumptions and methodological approaches by type of NDC may	Guidance on the information related to the assumptions and methodological approaches (per	The consistency of the assumptions and of the methodological approaches used when drawing up	The MPGs should require information on the assumptions and methodological approaches used

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Element	Is the element a feature?	Further guidance on the feature	Further guidance on the information for CTU	Accounting implication	ETF MPGs
		be important.	NDC type).	the NDC and when tracking progress towards its implementation needs to be ensured to avoid accounting implications.	to track progress in implementing the NDC. They should also require that the consistency of these assumptions and methodological approaches with those used to draw up the NDC be demonstrated.
Fairness and ambition (paragraph 27 of decision 1/CP.21) and progression over time (article 3 and article 4 paragraph 3 of the PA)	Yes	Additional guidance on how to assess fairness and ambition (highest possible ambition, reflecting Common but Differentiated Responsibilities and Respective	Guidance on the information to report from the country's assessment of the fairness and ambition (highest possible ambition, reflecting CBDR-RC, in the light of	This feature does not have an accounting implication.	The MPGs do not need to address this feature.

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Element	Is the element a feature?	Further guidance on the feature	Further guidance on the information for CTU	Accounting implication	ETF MPGs
		Capabilities [CBDR-RC], in the light of different national circumstances) can facilitate the task being performed by the countries and enhance comparability. (See also the discussion on 'moving over time towards economy-wide targets' under scope and coverage.)	different national circumstances) of the NDC submitted, and guidance on how to demonstrate that the submitted NDC represents a progression from the previous NDC.		
Be informed by the outcomes of the global stocktake (article 4	No	Guidance on how to use the outcomes of the global stocktake to	Demonstration that the NDC has been informed by the outcomes of the	This element does not have an accounting	The MPGs do not need to address this element.

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Element	Is the element a feature?	Further guidance on the feature	Further guidance on the information for CTU	Accounting implication	ETF MPGs
<p>paragraph 9 of the PA) and how it contributes to the achievement of the ultimate objective of the UNFCCC as set out in its article 2 (paragraph 27 of decision 1/CP.21)</p>		<p>inform the NDC, and guidance on how to assess contribution to the ultimate objective. (These topics are discussed in the agenda item related to the global stocktake. Any guidance on these topics should reflect the outcomes of this discussion.)</p>	<p>GST and that it contributes to the ultimate objective.</p>	<p>implication.</p>	

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Element	Is the element a feature?	Further guidance on the feature	Further guidance on the information for CTU	Accounting implication	ETF MPGs
<p>Support needs/conditionality (paragraph 52 of decision 1/CP.21)</p>	<p>Yes¹⁸</p>	<p>Guidance on determining costs and on allocating support received to the achievement of progress in implementing the NDC (in terms of both mitigation and adaptation).</p>	<p>What finance, capacity building and/or technology transfer, and what amount of international support is required for the implementation of the NDC.</p> <p>The amount that will be achieved using domestic resources only and the amount that will be achieved using international resources needs to</p>	<p>This feature has a clear accounting implication as, potentially, part of the NDC will only be achieved with international support. The amount that will be achieved using domestic resources only and the amount that will be achieved with international resources needs to be clear.</p>	<p>The MPGs should require information on the support received by developing countries and the impacts of this support on the implementation of the NDC.</p>

¹⁸ Not all parties agree on this.

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Element	Is the element a feature?	Further guidance on the feature	Further guidance on the information for CTU	Accounting implication	ETF MPGs
			be clear.		
Cooperative approaches under article 6 of the PA	Yes	Guidance on types of cooperative approaches and their respective rules, modalities and procedures.	The cooperative approaches that involve the use of internationally transferred mitigation outcomes for nationally determined contributions and the expected volume of such transfers.	The transfer of mitigation outcomes (either inwards or outwards) has direct impacts on the accounting of the NDCs. Article 4 paragraph 13 of the PA applies directly to this feature of the NDCs.	The MPGs should require the submission of qualitative and quantitative information on the use of cooperative approaches under article 6 of the PA. This should include the volume of these approaches and how issues mentioned in Article 4 paragraph 13 of the PA have been addressed

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Element	Is the element a feature?	Further guidance on the feature	Further guidance on the information for CTU	Accounting implication	ETF MPGs
					(e.g. environmental integrity and avoidance of double counting).
Sinks and reservoirs, including forest (article 5 of the PA).	Yes	Guidance on options for the inclusion of agriculture, forestry and other land use (AFOLU) activities in the NDC and on methodologies and approaches for estimating and accounting for emissions and removals.	The land-based activities included in the NDC, and the approaches and methodologies used to estimate and account for emissions and removals.	The choice of approach and methodology to estimate emissions and removals alone may have a potentially large impact on the overall effort and ambition of the NDC.	If the information on the NIR is insufficient, provide information on the approaches and methods for estimating emissions and removals and on how these contribute to the NDC.

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Element	Is the element a feature?	Further guidance on the feature	Further guidance on the information for CTU	Accounting implication	ETF MPGs
Mitigation	Yes	<p>Guidance on the types of emissions reductions or limitation targets.</p> <p>The co-benefits for mitigation resulting from adaptation action and/or economic diversification can contribute to mitigation outcomes.</p>	(See text above in the table on assumptions and methodological approaches.)	Different types of targets have different accounting approaches that should be duly considered.	The MPGs should require target-type specific information.

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Element	Is the element a feature?	Further guidance on the feature	Further guidance on the information for CTU	Accounting implication	ETF MPGs
Adaptation (Article 7 paragraph 11 of the PA)	Yes ¹⁹	Guidance on which elements of national adaptation planning and policy should/could be included in the NDC.	Guidance on adaptation-relevant information to be included in the NDC.	This feature does not have an accounting implication.	The MPGs should require information on progress towards achieving the adaptation component of the NDC.

¹⁹ There are differing views on this.



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