

**SUBMISSION BY COSTA RICA ON BEHALF OF THE AILAC GROUP OF COUNTRIES  
COMPOSED BY CHILE, COLOMBIA, COSTA RICA, HONDURAS, GUATEMALA, PANAMA,  
PARAGUAY AND PERU**

**Subject: Item 3 Further guidance in relation to the mitigation section of decision 1/CP.21**

**Reference: FCCC/APA/2016/L.3**

**Introductory Remarks**

1. AILAC welcomes the opportunity to submit its views on item 3 of the APA agenda in order to focus the work 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.
2. For AILAC, the Paris Agreement provides a long-term pathway towards a low emissions and resilient global economy and thus represents a unique milestone in multilateral diplomacy. For this transformation to happen, Nationally Determined Contributions (NDCs) need to be implemented and scaled up in order to ensure holding the increase in the global average temperature to well below 2 °C above pre-industrial levels.
3. AILAC is of the strong view that further work on information to facilitate clarity, transparency and understanding of NDCs and accounting for NDCs, will enhance our capacity to review progress in their implementation, and ultimately, to assess collective progress towards achieving the long-term goals set out by the Paris Agreement. This is of special importance in light of the aggregated effect of currently communicated NDCs that is still far from 2°C scenarios and yet farther from 1.5°C scenarios.
4. In this sense, it is relevant to recall that there is a wide variety of intended Nationally Determined Contributions (iNDCs) that have been presented to this point in time and that include, inter alia<sup>1</sup>:
  - i. Economy-wide mitigation targets, with absolute emission reduction targets expressed as an emission reduction below the level in a specified base year,
  - ii. Relative targets for reducing emissions below 'business as usual' (BAU) level, either for the whole economy or for specific sectors,
  - iii. Intensity targets, with reductions in GHG emissions per unit of gross domestic product (GDP) or per capita,
  - iv. Peaking with respect to a specified year or timeframe or level fixed goal,
  - v. Strategies, plans and actions for low GHG emission development,
  - vi. Adaptation actions that could take the form of mitigation benefits,
  - vii. Others.
5. However, there are some areas in which AILAC finds useful to provide further inputs and, in some cases, further guidance, as reflected below.

**Features of nationally determined contributions, as specified in paragraph 26**

6. AILAC considers that features of NDCs are already reflected in the Paris Agreement and decision 1/CP.21, as described below:
  - i. The nationally determined nature of contributions;
  - ii. That the implementation of domestic mitigation measures is needed to achieve the objectives of such contributions;

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<sup>1</sup> On the basis of the Synthesis Report on the Aggregate Effect of the Intended Nationally Determined Contributions: an update, FCCC/CP/2016/2 presented by the Secretariat on May 2, 2016.

- iii. That Parties shall account for their NDCs;
  - iv. That NDCs shall be communicated every 5 years; and
  - v. That support shall be provided to developing country Parties for the implementation of their NDCs.
8. These features cover the necessary characterization of Parties' mitigation contributions and provide a good framework to ensure that NDCs are defined by each Party, in accordance to their national circumstances and in line with the need for increased ambition. Provided that Article 4.10 of the Agreement refers to the consideration of common time frames for NDCs by the Conference of the Parties serving as the Meeting of the Parties of the Agreement (CMA) and taking into account that paragraphs 23 and 24 of Decision 1/CP.21 still would represent a timeframe discrepancy, AILAC considers desirable to harmonise both timeframes from 2030 and to communicate so every five years onwards, as per article 4.9 of the Paris Agreement.

**Information to facilitate clarity, transparency and understanding of nationally determined contributions, as specified in paragraph 28**

9. AILAC is of the opinion that information provided as part of each Party' NDC is critical to understand the ensemble of NDCs and should be comprehensive, in order to facilitate clarity, transparency and understanding. In this sense, up-front information of NDCs is central in order to reduce uncertainties in the assessment of progress towards the achievement of the long-term objectives defined in Article 2 of the Paris Agreement.
10. From the Synthesis report on the *Aggregate effect of the intended nationally determined contributions: an update* elaborated by the secretariat (FCCC/CP/2016/2 Paragraphs 116–191) it is possible to observe that many Parties already included several elements of the information listed in Decision 1/CP.21 Paragraph 272 in their INDCs, namely:
- i. The reference point;
  - ii. Periods of implementation;
  - iii. Scope and coverage; and
  - iv. Methodological approaches.
11. AILAC believes that these elements should become integral components of future NDCs to ensure the proper implementation of article 4 of the Paris Agreement and thus Parties need to continue providing information necessary to further ensure clarity, transparency and understanding.
12. Furthermore, subsequent NDCs should also include:
- i. GWP values applied,
  - ii. Gas by gas emission data and, if possible, emissions projections for each year, including the target year,
  - iii. Expected future values and assumptions of main drivers of national emissions such as GDP and population on the target year,
  - iv. Baseline or/and mitigation scenarios or uncertainty range as a result of a sensitivity analysis, and
  - v. Clarity on approaches to the accounting of all sectors (including clarity on some elements of sectoral baselines calculation, as appropriate).

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<sup>2</sup> 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.

13. Furthermore, specific types of NDCs should provide the following additional information:
  - a. Economy-wide mitigation targets, with absolute emission reduction targets expressed as an emission reduction below the level in a specified base year
    - i. Expected emissions level in target year and expected trajectory towards it.
  - b. Relative targets for reducing emissions below BAU level, either for the whole economy or for specific sectors
    - i. Description of the BAU baseline, including assumptions and methodologies, employed in constructing the baseline.
    - ii. Expected emissions trajectory with mitigation policies and actions.
    - iii. Whether the baseline scenario is static or dynamic. If it is dynamic, information on conditions or criteria taken into account to recalculate it should be provided.
  - c. Intensity targets, with reductions in GHG emissions per unit of GDP or per capita
    - i. As mentioned in paragraph 13 above, assumptions related to GDP, GHG emissions and population.
    - ii. Expected level of emissions intensity in the target year and expected trajectory towards it.
  - d. Peaking with respect to a specified year or timeframe or level fixed goal
    - i. Expected amount of emissions at peak or target year
    - ii. In the case of a target for peaking emissions, the trajectory and timeframes to peaking and after peaking, when not included in the NDC timeframe.
    - iii. In the case of a fixed level target, expected emissions level in target year and expected trajectory towards it.
  - e. Strategies, plans and actions for low GHG emission development
    - i. Estimation in terms of GHG emissions impact, i.e. expressed in tCO<sub>2</sub>e in order to be added up as a result of the implementation of NDCs.
    - ii. Underlying assumptions.
    - iii. Methodologies to measure impact of policy, plan or action
  - f. Adaptation actions that could take the form of mitigation benefits
    - i. Estimation in terms of GHG emissions impact, i.e. expressed in tCO<sub>2</sub>e in order to be added up as a result of the implementation of NDCs.
    - ii. Underlying assumptions.
14. Also, in the initial aggregation of iNDCs by the Secretariat, it has been shown that there are significant uncertainties for understanding the collective ambition of NDCs arising from a lack of clarity on conditionality. In this sense, developing Parties should consider defining the unilateral and the conditional components of each NDC, as a tool to indicate ambition scenarios and to signal the national needs that could be addressed through international support, as well as progressively enhancing transparency and reducing uncertainty.
15. For AILAC, emissions projections could be relevant to assess the global progress towards the long-term temperature goal set out in Article 2. Therefore, it could be useful to include projections in future NDCs, when applicable.
16. Likewise, AILAC considers that Parties should provide information related to the extent to which they intend to use – or to provide to other Parties- Internationally Transferred Mitigation Outcomes (ITMOs) or the mechanism to contribute to mitigation of greenhouse gases to achieve their NDCs. This information should be included as part of biennial reports and/or updated NDCs to facilitate understanding parties' mitigation commitments and their implementation progress.
17. In order to facilitate understanding of progress towards achieving the objective described in Article 2 of the Agreement, AILAC considers that Parties may also include information on their long-term low greenhouse gas emission development strategies, as per Article 4.19 of the Paris Agreement.

### **Accounting for Parties' nationally determined contributions, as specified in paragraph 31**

18. AILAC deems important that the following inputs are considered when developing the guidance for accounting for Parties' different types of NDCs, provided the great variety of current NDCs and with the aim to promote environmental integrity, transparency, accuracy, completeness, comparability and consistency, and ensure the avoidance of double counting:
- i. To adequately account for NDCs, Parties should draw the objectives of their NDCs in a more explicit way and thus further guidance would be useful for information used to prepare NDCs.
  - ii. This guidance should incentivize the use of the more appropriate and scientifically accurate methodological approaches and metrics for estimating and accounting for anthropogenic greenhouse gas emissions and removals provided by the Intergovernmental Panel on Climate Change (IPCC), in order to reduce uncertainty.
  - iii. For Parties interested in participating in international carbon markets, the guidance should provide information on how to transform intended contributions into units and ITMOs that are comparable and allow assessing the aggregate effect of NDCs, a discussion taking place under article 6 of the Agreement.
  - iv. The guidance should consider GHG inventories as a common tool for accounting and for follow up to NDCs, although activity-based accounting should also be allowed in cases when it would not be possible to reflect emissions reductions in the national GHG Inventory (i.e. due to the lack of detailed information).
  - v. All Parties that include the AFOLU sector in their NDC should provide information on whether the Party employs land-based accounting or activity-based accounting towards their NDC, and if the latter, which sources and sinks are not accounted for.
  - vi. In relation to Article 4.3 related to the progression in the level of ambition of NDCs, it is necessary to provide Parties with further guidance on methodologies to identify opportunities to achieve such higher level of ambition and to assess how progression could be defined for each type of NDC.
  - vii. Specific accounting guidance for type of NDC should include:
    - a. Economy-wide mitigation targets, with absolute emission reduction targets expressed as an emission reduction below the level in a specified base year
      - i. All elements mentioned in items i. to vi. of this paragraph.
    - b. Relative targets for reducing emissions below BAU level, either for the whole economy or for specific sectors
      - i. All elements mentioned in items i. to vi. of this paragraph.
      - ii. Methodologies for the calculation of baselines and mitigation scenarios.
    - c. Intensity targets, with reductions in GHG emissions per unit of GDP or per capita
      - i. All elements mentioned in items i. to vi. of this paragraph.
      - ii. Methods for accounting all elements mentioned in items i. to vi. of this paragraph.
    - d. Peaking with respect to a specified year or timeframe or level fixed goal
      - i. Methods for accounting all elements mentioned in items i. to vi. of this paragraph.
    - e. Strategies, plans and actions for low GHG emission development
      - i. Recommended methodologies for calculating GHG emissions reductions or measuring impact on GHG emissions
    - f. Adaptation actions that could take the form of mitigation benefits
      - i. Recommended methodologies for calculating GHG emissions reductions or measuring impact on GHG emissions.
  - viii. With regards to Article 4.13 that refers to the avoidance of double counting, it would be recommended to determine a clear linkage for the use of mechanisms defined in the article 6 of the Paris Agreement as part of Parties' NDCs and, to ensure there is clarity on the ownership of emissions reductions as part of the respective guidance to be provided to these mechanisms.
  - ix. Likewise, AILAC reiterates the importance of defining the unilateral and the conditional components of each NDC. This is particularly relevant in avoiding double counting, as it would clarify whether emissions reductions are reached through a Party's own means or whether it has received international support for them.

- x. In the same vein, there must be clarity on the use of units derived from the implementation of Article 6, in order for their accounting to be assigned to one Party only.
  - xi. Finally, the implementation of this work will require for all Parties to enhance their national systems for emissions accounting and support must be provided for this purpose.
19. Finally, AILAC would like to highlight the effective implementation of the enhanced transparency framework, including that of the technical review and multilateral consideration, as also relevant for this process.

