

Preparing an INDC: Progress & Lessons Learned

**Caribbean Regional Workshop on INDCs and their
Integration of Market Mechanisms**

Grenada, St. George's University
September 15, 2015

- **The Global Challenge:** Achievement of an ambitious Global Climate Agreement in COP 21
- **The National Challenge:** Development of Intended Nationally Determined Contributions (INDC)

INDC : General Overview

- **Important components** of the process towards COP21.
- Key vehicle for governments to **communicate internationally** how they will cut emissions for the post-2020 period, INDCs allow countries to demonstrate **leadership** in addressing climate change.
- While climate change is a global challenge, each country faces **unique circumstances**, including different emissions profiles and ER opportunities and different MOI needs.
- Term **“intended”** is an expression of what the government of a country thinks it is possible to do within its national context and capabilities and countries responsibility in contributing to addressing climate change.
- This process will help to understand whether the aggregate contributions are **sufficient** to stay below 2°C or whether and by how much the Parties must **collectively increase** their efforts to avoid dangerous climate change.

Background

- Decision 1/CP.19 - Invited all Parties to initiate or intensify domestic preparations for their INDCs towards achieving the **ultimate objective** of the Convention, without prejudice to the legal nature of the contributions, in the context of adopting a protocol, another legal instrument or an agreed outcome with legal force under the Convention applicable to **all Parties**.
- Decisions 1/CP.19 and 1/CP.20 - invited all Parties to communicate to the secretariat their INDCs well in advance of COP 21 in Paris in a manner that facilitates the **clarity, transparency and understanding** of the INDC.
- Decision 1/CP.20 - Culmination on discussions on **elements** of INDC, **information** in INDCs, how would countries construct their INDC, etc.

Lima Guidance on INDC

Key Outcomes of Lima Decision:

- Nationally determined: **Bottom-up**, country prerogative. Contributions will be developed by countries rather than determined top-down.
- The general understanding is that the commitment should reflect **national circumstances** and be in accordance with the principle of **CBDR&RC**

Lima Guidance on INDC

Key Outcomes of Lima Decision (continued):

- Assumes all parties will have a **Mitigation** component
- Countries may choose to include an **Adaptation** component or undertakings in **adaptation planning** in the INDC.
- Expectations are for all other parties except **LCDs and SIDS** may communicate information on **strategies, plans and actions** for low GHG development plans.
- **Ambitious** – towards achieving the ultimate objective of the Convention.
- ‘Represents a **progression** beyond current undertaking of that Party’ (no backsliding)

Lima Guidance on INDC – Information Requirements

- Information requirements, not mandatory but indicative:
 - Quantifiable information on the **reference point** (including, as appropriate, a base year) with respect to the mitigation contribution
 - **Time frames** and/or **periods for implementation**
 - **Scope and coverage**
 - How it contributes towards achieving the **objective of the Convention**
 - How the Party considers that its INDC is **Fair and Ambitious**, in light of its national circumstances?
 - **Assumptions** and **methodological approaches** including those for estimating and accounting for anthropogenic GHG emissions and, as appropriate, removals
 - **Accounting methods**
 - **Planning processes**

Key Steps

- For the development and implementation of an INDC there are general key steps to take into account:
 - identifying the **benefits** of an INDC
 - organizing the INDC **process**
 - identifying **data** and analysis to inform the INDC
 - **designing** the INDC, and
 - **communicating** the INDC.

Some key Aspects of INDC – Planning Process

- Process is about explaining “**how is INDC nationally owned**”
 - The context basis
 - Connected to SD strategies (strongest anchor)
 - CC strategies, and
 - Plans, policies, etc.
 - Institutional Arrangements
 - Consultation: Involvement of key ministries
 - Involvement of provincial/local governments/city level
 - Stakeholders involvement
 - Buy-in within country. All type: Academia, NGOs, Private sector engagement in INDC development
 - Political process of approval
 - Implementation tools

Some key Aspects of INDC – Planning Process

- **Examples** of INDCs

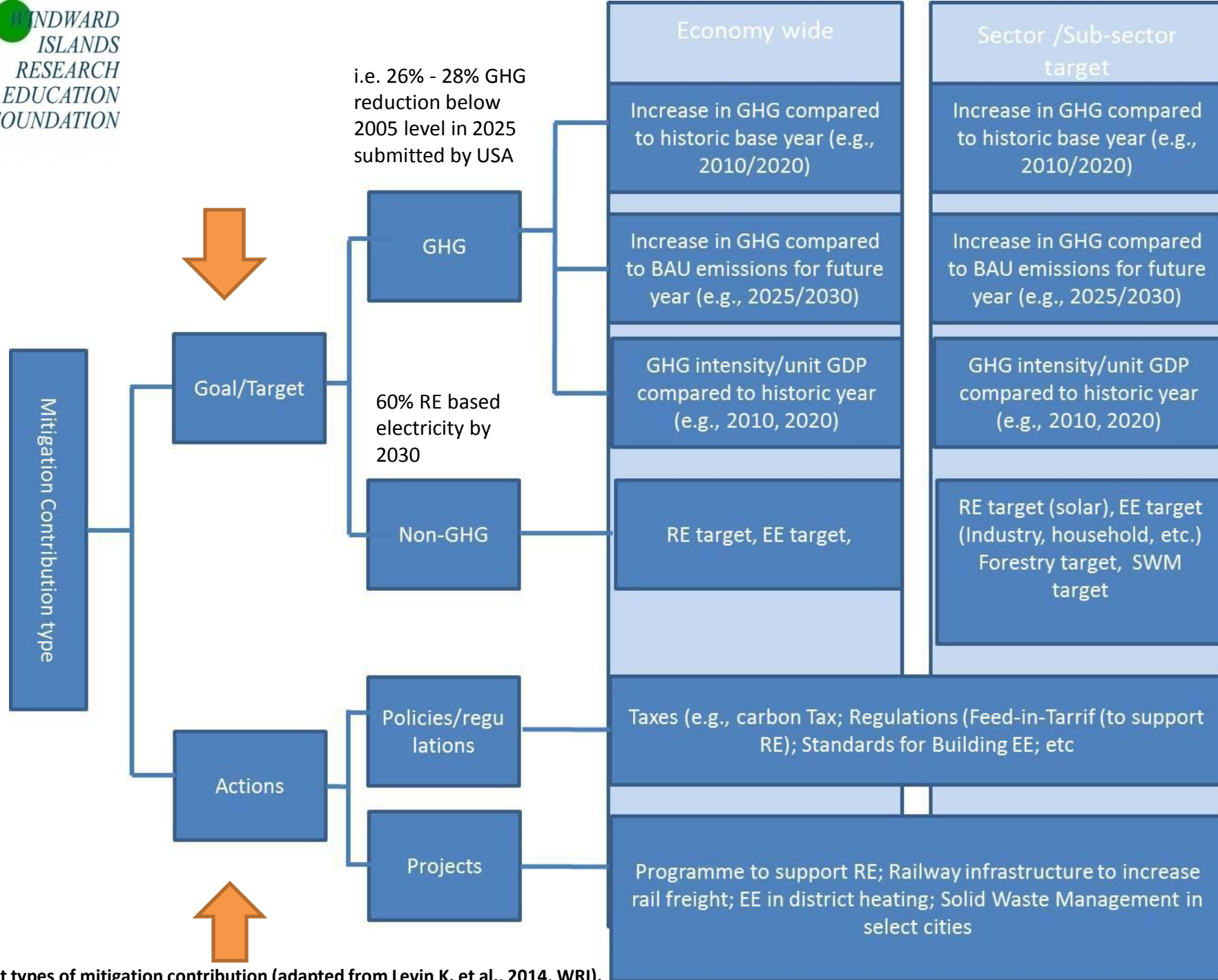
- **Ethiopia** – aligned with National Development Plan and anchored in Climate Resilient Green Economy Vision & Strategy. Developed through inclusive and participatory process.
- **T&T** - aligned with its National Climate Change Policy. Involved wide stakeholder consultation and participation, including through its CC Focal Point Network consisting of over 175 representatives of ministries, agencies and institutions, academia, the private and industrial sectors, NGOs, civil society and fiduciary organizations.
- **Morocco** – based on several laws, strategies and national action plans
- **Mexico** – based on existing climate change policies and strategies. Developed through stakeholder consultation meeting and web based inputs.
- **Norway** – approved by Parliament; based on existing climate change goal of carbon neutral by 2050; based on climate policies/actions identified in white paper.
- **EU** – the policy package for implementing the contribution will be presented to the EU council.

Adaptation Component in INDC

- **Optional** for countries to include adaptation component.
- When preparing adaptation contributions developing countries may wish to consider providing information on **National Adaptation Plans (NAPs)**, and to the national implementation of these plans and associated requirements relating to **MOI**
- Early **preparatory work** can be presented in the form of INDC
- Adaptation **sectoral action** (water, food, health, coastal areas, infrastructure, ecosystems, etc.)
- Determine the **gaps** and **barriers**
- Identify **Technological, finance and capacity requirements**

Mitigation Component in INDC

- To enhance the implementation of the provisions of the Convention Parties may include relative emission reduction commitments and actions expressed in the form of **intensity targets** or sets of **NAMAs**.
- All commitments, targets and actions to be measurable, reportable and verifiable (**MRV**)
- Rules related to targets or action should include underlying **assumptions and methodologies** (what IPCC stipulated), sectors and gases covered, use of credits from CDM and/or a market instruments/mechanisms to be agreed and estimated mitigation outcomes
- Developing countries should also indicate **support needs** for the implementation of NAMAs



Example INDC Template for Submission to UNFCCC

National development goals and priorities, climate change context

*Describe very briefly the national development goals and priorities relevant for INDCs

* Climate change goal and context for country, this includes the long term vision for GHG emissions management.

Adaptation Contribution

1. Rationale and process for developing INDCs on adaptation	Clarify and specify why adaptation is included in the INDC
2. Summary of climate change trends, impacts and vulnerabilities	A brief summary of key current and projected climate risks, impacts, and vulnerabilities
3. Reporting on long-term and near-term adaptation visions, goals and targets	Communicate ambitions for the future, highlight national undertakings and report on the need for, for example, capacity development, finance and technology support in order to reach the goals and targets.
4. Reporting on current and planned adaptation undertakings and support	Report on planned adaptation activities and document pre-existing support, and review recent provisions for adaptation, in terms of amount, type and source of support.
5. Gaps and barriers	Identify gaps and barriers, prioritise these barriers or gaps, and use them to identify needs.
6. Summary of needs	Define what 'needs' encompass, consider needs across sectors, and targets to meet these needs.
7. Monitoring and reporting progress	Give an overview of M&E for identifying adaptation activities, as well as describe indicators that can be used for adaptation.

Example INDC Template for Submission

Mitigation contribution	
1. Timeframe	2025/2030
2. Type of Contribution	Present the contribution (economy-wide, sectoral, intensity, non-GHG, policies and programmes, etc.
3. Target level	Target level: - self contribution target, or - target with support
4. GHG reductions	Provide an estimate of the GHG impact if the contribution is a non-GHG type. Describe the GHG impact with respect to the BAU.
5. Sectors	list the sectors that are covered under the contribution.
6. Gases	list the gases covered in the contribution.
7. Accounting Methodologies	What will be the basis for tracking and accounting outcome of contribution (e.g., inventory for absolute targets,) GWP: Land sector: what is the accounting method for land use
8. How it is equitable and adequate	What is the global goal underlying the assessment of contribution (e.g., 2 deg goal, carbon budget by year xx, etc) Equity - what is the basis for defining equity and explain the contribution in context of equity
9. Institutional arrangements Implementation	Planning Processes: describe the basis of identifying mitigation opportunities, the participation of stakeholders, and the process followed in finalizing the contribution. Legal/Institutional Arrangements: explain the political endorsement of contribution as well as the national legal and institutional arrangements for implementation.
10. Means of Implementation	Support Needs: Finance, Technology, Capacity Development
11. Use of international market mechanisms	Emission offsets: how will emissions offsets sold and purchased will be accounted; how much of supported contribution be achieved through emissions offsets (in case of self contribution through offsets, what fraction of contribution will be through emissions offsets)

Progress of INDC submissions by Parties



Submissions to date: 32 ; Parties Represented: 60

Overview of Existing Submissions

- **Coverage:** Countries cover a range of regions and income levels.
- **INDC Types:** Most are based on economy-wide GHG targets; less than half of all Parties are eventually expected to include this.
- **Mitigation and Adaptation:** All focus primarily on mitigation but of 32 submissions, majority included adaptation. EU and US submitted separate documents on adaptation; over 50% of countries are expected to include an adaptation component.
- **Conditional INDC:** Mexico, Trinidad and Tobago, and Morocco INDCs are existing examples that include both unconditional and conditional contributions.
- **International Market Mechanism:** +75% countries mentioned in INDCs the use of market mechanisms for international cooperation for action and support (in one form or another).

Market Mechanism References in the INDC

- Finance will be a **central pillar** of the 2015 Climate Change Agreement. The ADP re-affirmed that Parties are consistent in underlining the need to mobilize finance and to do so quickly from all sources
- **Financial flows** are needed to facilitate cooperation between groups of countries to achieve a [net zero] emissions target
- Parties could consider including references about **market mechanisms**, flexible instruments and/or the **role CDM** can play as part of the mitigation options they are considering in their INDCs.
- **Economic instruments** such as climate finance, carbon taxes, ETS and carbon offset instruments (i.e. CDM) that mobilize resources are all needed to achieve cost savings from cooperation in the form of financial transfers between countries
- While rules for the use of market mechanisms are still under negotiation in the ADP process, at this stage it would be useful for those Parties that intend to make use of market mechanisms post-2020 to **clearly state their intention** in INDC.

Benefits of Market Mechanism References in INDC

- Access to cost-effective mitigation allows Parties to **over-achieve targets** or possible take on **more ambitious** ones
- International eligibility criteria for the use of markets (still to be negotiated) could incentivize countries to take on progressively **more ambitious targets**
- Markets represent an instrument that could **enable conditional targets** (as opposed to unconditional ones) through the access to support
- Markets foster **international cooperation** and **trust** in long-term climate action
- Markets could also attract **financial, capacity building, technology transfer** and other **types of international support** for economic development and poverty reduction

Benefits of Market Mechanism References in INDC

- Markets involve the **private sector** into climate action and thereby mainstreaming mitigation action
- Actions and policies could include **carbon taxes** as well as **ETS** that could make use of CDM projects
- If countries are considering the creation of **domestic voluntary carbon markets**, the INDCs represent a golden opportunity for “early action” to activate and strengthen those markets in the pre-2020 period. A positive signal in the INDC regarding the eligibility of CERs from domestic CDM for future compliance could jump-start the trading for mitigation of GHG
- Its inclusion (and submission before October 1) allows Parties greater surety on claims to access on possible **incentives**, e.g. market mechanisms, internationally recognized mitigation results-based finance, that are to be referenced under a 2015 Agreement.

Potential Opportunities

- A country could consider market mechanisms such as the CDM as a **MRV tool** for climate mitigation actions and as a tool to deliver **results-based financing**.
- CDM offers a common [offset] standard recognized by a large range of countries, which facilitates **indirect link** of instruments and **cooperation** between countries, at low incremental cost/risk
- Countries could consider the use of the CERs generated by CDM projects and POAs to **close the pre-2020 ambition gap**.
- Large emitters may be most interested in buying **CERs from LDCs and SIDs** since the impacts of climate change will be experienced the most in those countries.
- Countries could support the further development of accounting rules under the UNFCCC to assert environmental integrity of the market mechanisms more strongly over political, social or economic factors and add additional controls for avoidance of double counting.

Examples of INDC Submissions

PARTY	TARGET	USE OF INTERNATIONAL MARKET MECHANISM
Kenya	Seeks to abate its GHG emissions by 30% by 2030 relative to BAU scenario	Stipulates that it does not rule out the use of international mechanisms in line with agreed accounting rules
Japan	26% reduction in emissions from 2013 levels by 2030	ER and removals acquired by Japan and issued through its Joint Crediting Mechanism will be “appropriately counted” as Japan’s reductions.
Singapore	Reduce its emissions intensity by 36% from 2005 levels by 2030 and stabilize its emissions with the aim of peaking around 2030.	Will continue to study the potential of international market mechanisms
Republic of Korea	GHG 37% below BAU by 2030	Intends to use carbon markets from international market mechanisms. Clarified that almost a third of the intended emission cuts will be met using the international carbon market.
Ethiopia	145Mt or less in 2030	Intends to sell carbon credits. “Supports the development of effective accounting rules under the UNFCCC to guarantee the environmental integrity of market mechanisms”.
Mexico	Unconditionally reduce 25% of GHG and Short Lived Climate Pollutants emissions below BAU for 2030; to be increased to 40% subject to international carbon (conditional) pricing, carbon border adjustments, technical cooperation, access to low-cost financial resources and technology transfer	Intends to meet its unconditional target without use of such mechanisms, while achieving the conditional target “will require fully functional bilateral, regional and international market mechanisms”. (*This shows how international market elements can inspire greater ambition)
Colombia	Unconditionally reduce 20% of GHG with respect to the projected BAU Scenario by 2030; Conditional to be increased by 30% subject to the provision of international support.	With the objective of contributing to achieve the ER target, with a focus on cost--- efficiency, Colombia will explore the use of market instruments (or other economic instruments) that guarantee the principles of transparency and environmental integrity, which result in real, permanent, additional, verified mitigation outcomes and prevent double counting.

PARTY	TARGET	USE OF INTERNATIONAL MARKET MECHANISM
Morocco	13% below BAU by 2030, unconditional. 32% below BAU conditional on finance and an agreement under the UNFCCC.	Use of international market mechanisms is possible to achieve both conditional and unconditional targets.
Canada	30% below 2005 by 2030	Use of international market mechanisms is possible. Would like them to be “robust systems that deliver real and verified emissions reductions”.
Liechtenstein	40% below 1990 by 2030	Assumes the possibility to use international units. “Reserves the right to revisit [its] overall commitment if no internationally agreed rules [for markets] are given”.
EU & Member	Binding target to reduce domestic emissions to “at least” 40% below 1990 levels by 2030	It hints that more might be possible through use of markets pending the final agreements in Paris.
Norway	At least 40% reduction of GHG emissions by 2030 compared to 1990	Will use UNFCCC market mechanisms. Stipulates that “strict criteria will be applied to ensure that such credits represent real and verifiable emission reductions and that double counting is avoided.” Notes that it will consider adopting a target of more than 40% with use of UNFCCC mechanisms “if it can contribute to a global and ambitious climate agreement in Paris”.
Macedonia	To reduce the CO2 emissions from fossil fuels combustion for 30%, that is, for 36% at a higher level of ambition, by 2030 compared to the business as usual (BAU) scenario	Its following the framework for establishing a New Market Mechanism (NMM) as well as for establishing non-market approaches (NMA). Once the definition of these concepts is agreed, the country shall consider potential linkage to its national mitigation actions.
Monaco	Objective of 50% ER by 2030 compare to the year reference of 1990	Does not exclude the utilization of ER units in case the domestic ER are insufficient by the end of the commitment period.
Switzerland	Reduce GHG emissions by 50 % by 2030 compared to 1990 levels	Intends to use the CDM and, as appropriate, the NMM under the Convention and activities under the FVA. (<i>*This shows how international market elements can inspire greater ambition</i>)
Trinidad & Tobago	Unconditional: 30% reduction in GHG emissions by 2030 in the public transportation sector compared to a BAU scenario (reference year 2013). Conditional: Additional reduction achievable under certain conditions which would bring the total GHG reduction to 15% below BAU emission levels by 2030	The Energy Chamber of TT is developing a feasible carbon trading scheme that will also result in reduced emissions in the industrial sector.

INDC Challenges

- What to include? Lack of certainty of what to include in the INDC
- How to mitigate **limited capacity**?
 - Limited expertise for assessing mitigation options
 - Too short time-frame for undertaking process
- How to secure **broad participation** and support?
 - Securing high-level political support and different ministries
- **Legal Nature** of INDC? Presently no legal status, only a voluntary expression of intention by the country. New Agreement in Paris will define legal nature (depending on agreement type i.e. Legally Binding Protocol or Agreement, etc.) and include a process through which the INDCs will be formalized as NDCs. Thus no need for country to get the INDC signed /authorized by the executive authority of the country.

INDC: Lessons Learned

- Outline the **structure** of the INDC and get a **vision** of where country wants to go with INDC. There is a lot of guidance out there, i.e UNEP, Ricardo AEA, WRI, CDKN, UNDP, etc. + Existing submissions of INDC
- It is upon to each individual country to decide what kind of **information** will accompany their INDC to facilitate their clarity, transparency and understanding.
- The **information & data** to prepare the INDC comes from national and international documents that have been part of the countries' climate change process, mitigation & adaptation (NC, BUR, NAPA, NAP, TNA, etc). No Blank Sheet
- Build on **existing policies** through targeted use of new analysis to fill knowledge gaps
- Build a broad-based support through innovative approaches to **consultation** (workshops, online platform & survey)
- Remember that INDCs are statements of **political ambition**
- Make Plans for Effective **Implementation** Now

INDC Lessons Learned

- Be creative - Some countries are developing their own version of INDC template (i.e. African Group)
- Important to involve **all levels** of government, sectors and stakeholders
- **Policy integration** as INDC can send a credible signal regarding future plans to mitigate, can stimulate investment, promote technological innovation and engage the private sector.
- Submission of INDC may also allow access to possible **incentives**, such as access to market mechanisms created under the 2015 Agreement.
- LAC countries should develop robust and transparent INDCs, or national pledges of climate action based on public consultation. These plans can set in motion a shift to resilient and low-carbon development pathways.
- Submission of INDC on time is key to build **political momentum** and putting **pressure** on the major emitters

INDC FAQ



- **How?**

INDCs to be communicated by each Party to the UNFCCC secretariat through the [INDC Submission Portal](#)

- **When?**

INDCs to be communicated by those Parties ready to do so/ on or Before September 30, 2015

- **Who?**

INDCs to be communicated by each Party through the Party's national focal point for climate change.

- **What?**

-INDCs will be published on the [UNFCCC website](#) as communicated by Parties

-The secretariat will prepare by 1 November 2015 a **synthesis report** on the aggregate effect of the INDCs communicated by Parties by 1 October 2015

Thank You!



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