



Briefing Note on the significance of INDCs (20 August, 2015)

Background:

Parties agreed at the 19th session of the Conference of the Parties (COP19) in Warsaw to “initiate or intensify domestic preparations for their intended nationally determined contributions” so that they can be submitted well in advance of the COP21 to the United Nations Framework Convention on Climate Change (UNFCCC). It is the first time such an ex-ante process was formally adopted under the UNFCCC, leading to the need to clarify concepts, revisit historical precedents and outline the way forward. When countries undergo a domestic process to initiate, prepare or revisit their potential contributions, the use of technical or policy guidance and good practice examples can inform and promote higher ambition proposals.

Intended Nationally Determined Contributions (INDCs) put forward by countries will form a key input to the negotiations leading towards the 2015 Paris climate agreement. They will therefore need to take into account domestic and international processes as well as requirements for comprehensiveness, transparency and ambition as negotiated under the UNFCCC.

Ecofys 2014

What are INDCs?

http://unfccc.int/focus/indc_portal/items/8766.php

Whether or not Parties make any significant progress at COP21 in Paris in December, the INDCs could form the basis of a roadmap for MDB and donor funded climate resilient development and for this reason, it is vitally important that African countries take their INDCs seriously and build in, inter alia, realistic emission projections.

In practical terms, the mitigation elements of INDCs are bottom up commitments from all countries towards the agreed objective of limiting average surface temperature increase to 2°C. They are voluntary in nature but will become binding in the event of successful agreement in, or after Paris. 196 countries were requested to submit an INDC before the end of March 2015 with an absolute deadline of end October 2015. The UNFCCC Secretariat will consolidate the submissions in time for COP21 but there is no formal agreement to “add up” the commitments and compare them against the global target, and there is no formal review process. The concept is complicated by the fact that commitments can be expressed in a number of ways – as absolute quantity of emissions relative to a base year, as a reduction below a theoretical business as usual scenario or a reduction in GHG emissions intensity. The different commitments cannot be easily summed.



■ INDC submitted
■ No INDC submitted

To date, there have been 29 submissions from 56 countries (EU combines 28 countries in 1 submission).

What progress are on African INDCs?

Among African countries, Benin, Democratic Republic of the Congo, Djibouti, Gabon, Morocco, Kenya and Ethiopia have submitted INDCs to date, generally showing a high level of ambition and real commitment to the process but stopping short of referencing the regional vision described in Agenda 2063. For example, consistent with their Climate Resilient Green Growth Strategy and Growth and Transformation Plans, Ethiopia has already declared that their baseline is renewable energy and that with sufficient support, they will reduce their emissions by 64% compared to business as usual in 2030 and actually reducing their total emissions from 150 million tonnes per annum today to 145 million tonnes per annum in 2030. Should a climate deal be reached in Paris, this commitment will be locked in and for example AfDB would find it almost impossible to finance fossil fuelled electricity generation infrastructure in Ethiopia.

How might the AfDB use INDCs in the future?

INDCs should present some form of a roadmap and GHG emission budget for major sectors of the economy from now to 2030. If COP21 in Paris produces a climate agreement, those budgets will become binding and therefore part of AfDB's due diligence for any project will need to ask the question “Is this project part of your INDC?” Even if Paris fails to reach an agreement, donors may elect to refer to INDCs as an indicator of “acceptable” investments.

- AfDB may want to ensure that CSPs are consistent with INDCs.
- In the event that a post 2020 agreement makes provision for a market based mechanism under which carbon assets (e.g. allowances to emit or emission reductions) can be transferred between Parties, or in the event that AfDB adopts a carbon price and applies it to its investment portfolio, projects which reduce emissions below the INDC could potentially access new sources of finance.
- The publication of INDCs will inevitably lead to the creation of ambition indices and ranking of countries by the level of their contribution to the global target. The implication is that countries which make greater commitments to the global target will potentially receive more attention from climate finance providers.

In summary

INDCs are expected to form the basis of a post 2020 climate agreement. They also present a snapshot of every county's planned development pathway. As the AfDB mainstreams green growth and climate resilience into its development strategy, it cannot afford to ignore such high profile statements.

AfDB staff should communicate the potential significance of INDCs with their focal points; offer support to review and comment upon draft INDCs; and think of INDCs as a GHG emissions budget.