

# Submission on Supporting NDC Conversion and Implementation through Post-Paris UNFCCC Processes (various agenda items)

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CCAP has the honor of presenting the attached paper in response to APA’s invitation for Parties and observer organizations to provide information, views, and proposals on the APA work. This submission specifically relates to the following:

- APA agenda item 3 “Further guidance in relation to the mitigation section of decision 1/CP.21 on: (a) features of nationally determined contributions, as specified in paragraph 26; (b) information to facilitate clarity, transparency and understanding of nationally determined contributions, as specified in paragraph 28,”
- APA agenda item 5: “Modalities, procedures and guidelines for the transparency framework for action and support referred to in Article 13 of the Paris Agreement”
- SBSTA deliberations on guidance referred to in Article 6.2 of the Paris Agreement<sup>1</sup>
- Long-term low greenhouse gas emission development strategies referred to in Article 4 paragraph 19 of the Paris Agreement<sup>2</sup>

The landmark Paris Agreement represents a fundamental shift in the landscape of international climate policy and diplomacy. The Agreement demonstrates near universal acceptance of a future in which all, or nearly all, countries identify targets and take action to reduce emissions as part of the global effort to combat climate change.

Most Parties’ Nationally Determined Contributions (NDCs) are economy-wide targets, and lack the specificity necessary to begin policymaking processes and present to international donors for support. There is therefore a growing consensus that these contributions need to be “converted” into policies, measures, and finance-ready investment strategies. This conversion process can promote ambition, encourage efficient use of resources, support synergies between mitigation and development goals, enhance coordination between sectoral ministries, spur policy development, make proposals more attractive to funders, attract private sector investment, and support long-term planning.

The attached paper considers how processes related to NDC features and information, the new enhanced transparency framework, mid-century low-greenhouse gas development strategies, and internationally transferred mitigation outcomes, can encourage or impede Parties’ domestic efforts to convert their NDCs.

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<sup>1</sup> CCAP has separately submitted a more extensive submission on Internationally Transferred Mitigation Outcomes

<sup>2</sup> Recognizing that no specific submission was requested and there is no formal guidance on these issues.

The goal of the attached submission is to help guide discussion and maintain focus on the implications of international negotiations for Parties' domestic efforts to convert their NDCs into policies, measures, and strategies, and implement them. The views expressed within the attached submission represent a point of departure for further engagement and analysis. CCAP intends to engage all relevant stakeholders to identify solutions that can encourage ambitious, early action by Parties, and will be pleased to work with negotiators and others to understand where points of consensus and divergence exist, with a view to determining how best to focus our work in support of achieving forward momentum in the negotiations. To this end, we invite feedback on this submission to inform our further work in the areas identified, or additional aspects of the Paris Agreement of importance to NDC conversion processes that have been excluded from this initial analysis.

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# Discussion Paper: Supporting NDC Conversion through UNFCCC rulemaking: Homework for Marrakech

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## Executive Summary

The landmark Paris Agreement represents a fundamental shift in the landscape of international climate policy and diplomacy. The Agreement demonstrates near universal acceptance of a future in which all, or nearly all, countries identify targets and take action to reduce emissions as part of the global effort to combat climate change.

To date, Intended Nationally Determined Contributions (INDCs)<sup>3</sup> representing 99% of global emissions have been submitted to the UNFCCC secretariat. Most of these Contributions are economy-wide targets, and lack the specificity necessary to begin policymaking processes and present to international donors for support. There is therefore a growing consensus that these contributions need to be “converted” into policies, measures, and finance-ready investment strategies. This conversion process can promote ambition, encourage efficient use of resources, support synergies between mitigation and development goals, enhance coordination between sectoral ministries, spur policy development, make proposals more attractive to funders, attract private sector investment, and support long-term planning. Moving ahead now on this conversion process, even as countries implement their pre-2020 Cancun pledges, will be important to ensure the Paris Agreement can be fully implemented post-2020.

The Paris Agreement and accompanying decisions tasked the new Ad Hoc Working Group on the Paris Agreement (APA), and the Subsidiary Bodies for Scientific and Technological Advice (SBSTA) and Implementation (SBI), with developing rules and guidance to implement the Agreement. These provisions will have implications for countries’ efforts to convert their NDCs, particularly those on guidance for features and information in NDCs, the enhanced transparency framework, mid-century low greenhouse gas development strategies,<sup>4</sup> and provisions on international cooperation and transfer of mitigation outcomes.

The provisions mentioned above are likely to have a variety of impacts on countries’ NDC conversion efforts. Guidance on NDC information and features will impact countries NDC preparation processes, and can promote

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<sup>3</sup> This paper uses the term “Intended Nationally Determined Contributions” (INDCs) to reference the actual contributions that have been submitted to date, as most have not yet been formally adopted with Parties’ ratification of the Paris Agreement. It also uses the term in relation to CCAP’s previous papers on the topic, which used this terminology. However, for the sake of accuracy going forward, and in accordance with the language in the Paris Agreement, it employs the term “Nationally Determined Contributions” or “NDCs” to reference countries’ contributions in a theoretical sense, as well as future rounds of contributions.

<sup>4</sup> Referred to throughout this paper as “Mid-Century Strategies”

the development of NDCs that are closer to implementation-ready. The enhanced transparency framework could lead countries to share plans on NDC implementation in a way that facilitates comparison, provides clarity on needs, demonstrates an anticipated “direction of travel” for investors, and enables peer-to-peer learning. Clarity on the use of transfers and cooperative approaches will allow Parties to make implementation plans with better understanding of the tools available. Lastly, effective development and communication of Mid-Century Strategies can provide longer-term signals to interested stakeholders, and can provide a basis for efficient domestic policymaking. In several of these areas—NDC information, transparency, and international cooperation—Parties were invited to provide submissions to inform discussions at COP22. For Mid-Century Strategies, there was no call for submissions or process to develop guidance, but early examples may create a precedent for future efforts.

As Parties develop the new rules they may wish to keep in mind the following questions:

- What information on mitigation targets would be most useful to audiences beyond the UNFCCC (such as private sector investors, the scientific community, civil society), and how can guidelines on NDCs and/or the enhanced transparency framework best facilitate communication with these stakeholders?
- How can the new rules and guidance encourage the communication of information in a way that aligns with countries’ domestic policy processes, and create incentives to measure, monitor and publish information in a manner and on a schedule that incentivizes timely domestic progress?
- How can Mid-Century Low Greenhouse Gas Development Strategies drive ambitious action on the ground in the near term? In the absence of a formal guidance process, what mechanisms can be used to encourage their usefulness for stakeholders and comparability?
- Is the launch of Parties' domestic planning processes contingent on progress in certain areas? If so, in which areas does action by the COP or other bodies constitute a *sine qua non* for the development of sectoral plans, policies, and NDC financing strategies? (for some countries, for example, clearer rules on Internationally Transferred Mitigation Outcomes may be critical to determining their implementation strategy)

Parties should consider UNFCCC rulemaking efforts holistically, and with an eye to incentivizing forward progress in domestic planning and policymaking, transforming financial flows, promoting private sector investment, and facilitating the catalytic application of climate finance to achieve transformational outcomes for years to come. Action taken at COP22 in Marrakech can demonstrate progress, showing that momentum has been maintained after Paris, and encourage early, ambitious action by countries, companies, civil society, and other actors.

CCAP will continue to engage with Parties and other stakeholders on these topics. We recognize that there are likely other areas of consideration in the UNFCCC process with considerable implications for NDC conversion, and welcome feedback on additional areas for analysis and discussion. We look forward to further engagement on these issues as the global community prepares for COP22 in Marrakech and going forward toward the implementation of the Paris Agreement.

## Introduction: NDC Conversion and the Paris Agreement

The landmark Paris Agreement represents a fundamental shift in the landscape of international climate policy and diplomacy. The Agreement demonstrates near universal acceptance of a future in which all, or nearly all, countries identify targets and take action to reduce emissions in efforts to combat global climate change.

To date, Intended Nationally Determined Contributions (INDCs) representing 99% of global emissions have been submitted to the United Nations Framework Convention on Climate Change (UNFCCC) Secretariat. This is an unprecedented achievement. However, most of these contributions are economy-wide targets, and many lack the specificity necessary to reflect actual policymaking processes or present to international donors for support. There is a growing consensus that these contributions need to be converted into policies, measures, and finance-ready investment strategies. CCAP's discussion paper [Next Steps for Converting Intended Nationally Determined Contributions into Action](#) identifies a number of the elements that a converted INDC might include, and potential steps in the conversion process, such as identification of national and sectoral goals, development of an implementation road map, and planning for how efforts will be financed.

The Paris outcome establishes a new framework international climate policy, identifies Parties to the UNFCCC's<sup>5</sup> key responsibilities, and initiates a series of implementing processes. Parties are now tasked with formulating specific rules to govern the Agreement's mechanisms. If appropriately designed, these rules can encourage effective conversion of INDCs into action. This discussion paper explores which elements of the negotiations to take place at COP22 in Marrakech and beyond can drive effective NDC conversion and implementation, and provides initial considerations and discussion questions to inform the relevant conversations.

## Background: What is a converted NDC?

A converted NDC reflects a comprehensive national plan to achieve the NDC target. It will likely include information on:

- **National and sectoral goals**, including quantified information for all relevant goals adding up to NDC target. This will include the formally-committed mitigation target, as well as other sectoral or regional goals, and sustainable development priorities.
- **How these goals will be achieved**, including fully-specified policies, measures, mandates, as well as enabling frameworks to support NDC implementation and longer-term goals.
- **How actions will be financed**, including through government spending, international public and private financing, or through policy mandates that require households and businesses to bear specified costs.

Ultimately, a converted NDC would identify sectoral and cross-cutting policies and measures, specify host-country public finance interventions, and present an overall investment strategy for domestic and international finance to implement the NDC. Countries seeking support for implementation will likely want to publish a strategy that further specifies support needs and a project pipeline that can mobilize investment. *More information on steps that countries might take to convert their NDCs can be found in Annex I below.*

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<sup>5</sup> Hereafter referred to simply as "Parties"

## Increased UNFCCC ambition through the five year cycles

NDC development and conversion is an ongoing process that is critical to achieving the global goals of the Paris Agreement. The Agreement provides a framework for this bottom-up and iterative process, wherein Parties report on progress toward their commitments, and strengthen the ambition of their targets every five years (see Figure 1). The “facilitative dialogue” to assess collective progress in 2018, followed by the global stocktake in 2023 and every five years thereafter, can encourage ambitious action, and inform Parties’ discussion on the ambition of new NDCs and the scale of financial mobilization required.

The initial period before the first facilitative dialogue and development of second-round NDCs provides the opportunity for lessons learned from “converting” this first round of contributions to help build capacity and allow subsequent NDCs to be more robust and implementation-ready. For many countries, implementation of comprehensive national climate change plans represents significant new efforts that will require putting in place policy frameworks and enabling environments that can lay the groundwork to ratchet up ambition over time.

## Considerations: How can the UNFCCC Process support INDC conversion?

With the framework of the Paris Agreement in place, more work remains to encourage effective NDC conversion and ensure the availability of support for it. The Paris outcome already includes provisions that can facilitate the conversion of NDCs into action, such as decision 8/CP.21, which requests the Global Environment Facility to consider how to support developing country Parties in “formulating policies, strategies, programmes and projects to implement activities that advance priorities identified in their respective intended nationally determined contributions...”(para 12). By providing the resources to undertake INDC conversion, the Financial Mechanism of the Convention establishes a financial incentive to encourage NDC conversion.

At the same time, many implementing rules and guidelines that will come forward in the next years can provide a political incentive to encourage NDC conversion, and ensure a greater level of specification in future rounds of NDC submission. Key rules and processes that can affect NDC Conversion include:

- Guidance on INDCs: features and information to be provided (decision 1/CP.21, paragraphs 26,28)
- Enhanced Transparency Framework (Article 13; decision 1/CP.21 paragraph 91)
- Communication of Mid-Century Low Greenhouse Gas Development Strategies (Article 4.19; decision 1/CP.21 paragraph 35)
- Rules on Internationally Transferred Mitigation Outcomes and International Cooperation (Article 6; decision 1/CP.21 paragraph 36)



Figure 1 NDC Conversion and Increased UNFCCC Ambition through Five Year Cycles

## Guidance on INDCs

Paragraph 14 of the Lima Call for Climate Action (Decision 1/CP.20) identifies the information Parties “may include...*inter alia*” in order to facilitate clarity in their “Intended” NDCs. Though the language was not compulsory, many Parties used the Lima Call as a template for the information to include when communicating their first intended contributions to the UNFCCC Secretariat for publication. While some Parties went beyond what was included in Lima, and identified sectoral targets, financing requirements, and other information, this is far from universal, and many mitigation contributions consist primarily of an economy-wide target for mitigation, such as absolute emissions reductions, reductions against Business-As-Usual (BAU), or emissions intensity.

The Ad Hoc Working Group on the Paris Agreement (APA) has been tasked with developing guidance on *features* (Decision 1/CP.21 paragraph 26), and *information* (paragraph 28) for NDCs. Each of these is supposed to be developed for consideration by the first Conference of the Parties Serving as the Meeting of the Parties to the Agreement (CMA 1). These guidelines could be used to encourage countries to submit NDCs that include some initial steps down the path towards full conversion. For example, Parties might be encouraged to include anticipated policies, sectoral targets, and needed investment and other support.

Inviting inclusion of additional information in the second round of NDCs would create an incentive for Parties to produce a second round of contributions that are closer to being ready for implementation and finance and improve Parties’ understanding of collective progress, of opportunities for support and financing, and of strategies to achieve emission reductions in various sectors.

## Discussion Questions

In discussion of NDC features and information, Parties may wish to consider the following questions:

1. Article 2.1 (c) of the Agreement establishes the goal of “making financial flows consistent with a pathway toward low greenhouse gas emissions.” How can NDC communication best contribute to this goal? What NDC elements could be included to communicate opportunities to other Parties? To non-state and private actors?
2. Internationally declared targets represent high-level political buy-in, and can drive domestic priorities. Without creating additional international obligations, what information might countries be invited to include (e.g. sectoral targets, anticipated policy actions, baselines and projections, role of domestic and international finance) that could help create an incentive for policymakers to develop and communicate strategies and policies to achieve the NDC targets in a timely fashion?
3. In the first round of INDC submissions, many countries indicated that they will require implementation support, and some have indicated financing requirements. However, there is little information on what many of the sums represent (total investment, net costs/benefits, expected international support, etc.) What guidance can be given to make financing information more comparable and useful to providers of climate finance and the private sector?

## Transparency Framework

The UNFCCC transparency framework exists to understand both past action and progress toward a future goal. Article 13.1 of the Paris Agreement establishes an *enhanced* transparency framework “to build mutual trust and confidence *and to promote effective implementation*,”<sup>6</sup> while Article 13.7 requires Parties to provide information “necessary to *track progress* made in implementing and achieving its nationally determined contribution...”<sup>7</sup> This aligns with the Convention’s Article 12 requirement that Parties provide a “description of steps taken or envisaged ... to implement the convention.”

An effective transparency system will not only provide information to the readers of Party reports, but also help the Party organize information and prioritize actions within an integrated vision of low-carbon development. Reporting obligations help countries keep on track with fulfilling targets by establishing defined times at which progress must be demonstrated publically. Reporting guidelines should therefore be considered in terms of creating incentives to report not only in a timely fashion, but also in a way that presents a comprehensive and comparable picture of sector trends and intended actions, highlighting causal impacts of planned policies, measures, and resource mobilization efforts. Inclusion of elements such as forward-looking emissions projections, anticipated sectoral emissions reductions, anticipated financing needs, and focus of any support to be provided (geographic/thematic/sectoral) could all drive conversion through the enhanced transparency framework.

Enhanced transparency provided both through the *ex-ante* information included in countries NDCs and in countries’ reporting requirements promises to prove useful not only to UNFCCC negotiators and climate scientists but to members of the private sector seeking investment opportunities in low-carbon technologies, domestic policymakers working to identify effective policy mechanisms to decarbonize their economies, and funders seeking to produce transformational impact and align programs with recipient-country priorities.

Some developed countries are pledging to support countries in their reporting requirements, including through the Capacity Building Initiative for Transparency (CBIT). If these Parties are willing to support expanded efforts this could mean additional resources available to developing countries to convert their INDCs.

## Discussion Questions

As Parties develop their thoughts on the Enhanced Transparency Framework in advance of COP22, they may wish to consider the following questions:

1. What types of information would be most useful in communicating countries’ “direction of travel” in low-carbon development to private sector actors seeking investment opportunities? How can this information be communicated in a clear and comparable way?
2. How can the information supplied by climate finance providers help countries in need of support tailor development of policies and NDC finance strategies? How can greater clarity help countries identify which initiatives may be most attractive to providers of climate finance, and what they should aim to

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<sup>6</sup> Emphasis by author

<sup>7</sup> Emphasis by author

finance domestically? What information would be most useful in this regard (e.g. geographic focus, sectoral focus, implementation vs. readiness phases, etc.)?

3. Which elements for inclusion in reporting guidelines would be most effective in supporting progress on effective domestic policy planning? How can external support, such as the Capacity Building Initiative for Transparency (CBIT), help countries integrate their reporting and policy development processes?
4. Should Parties be encouraged to put forward summary information that is visual, tracks key indicators and comparable over time, such as emissions history, projections, and expected mitigation by sector? What key information could or should be summarized in a visual way?

## Mid-Century Decarbonization Strategies

Article 4.19 of the Paris Agreement states that Parties “should strive to formulate and communicate long-term low greenhouse gas emission development strategies.” Paragraph 36 of the Decision in turn invites them to communicate these by 2020.

When managed effectively, long-term climate policy can provide a strong basis for target setting and policy development. For instance, Mexico is widely recognized for its National Climate Change Strategy, which builds on the country’s long-term target, set by law, and establishes an approach for reaching it including, *inter alia*, a phased approach to mitigation and quadrennial climate change “special programs.” Other countries have put forward Low-Carbon/Low-emission Development Strategies (LCDS/LEDS) that are too vague to be an anchor for policy-making and political decisions. However, the adoption of NDCs may offer an opportunity to include stronger milestones in a renewed long-term strategy that can guide effective short and medium-term action.

Mid-Century Strategies allow countries to communicate long-term transformation goals beyond the scope of their NDC and to illustrate the expected long-term effects of the policies they plan to use to meet their targets. While the Agreement calls on Parties to submit Mid-Century Strategies, the Paris decisions did not establish a process to guide the content of these plans, and as such the outcome of the May 2016 meetings of the UNFCCC subsidiary bodies (SB44) did not include action items on them.

However, some countries, such as the United States, Canada, and Mexico, have indicated their intention to submit such plans in 2016, and the G7 countries have indicated their intention to do so “well ahead of the 2020 deadline.” While these first pioneering efforts are worthy of recognition, Parties may still wish to identify best practices on Mid-Century Strategy development and elements for inclusion.

## Discussion Questions

As Parties contemplate the development of their Mid-Century Strategies, and potentially collaborate with others, they may wish to keep in mind the following questions:

1. What are the key purposes of Mid-Century Strategies? Who are the audiences – negotiators; the scientific community; domestic and international private sector; funders; domestic policy makers? What are the tools and information each of these actors needs to be effective, and how can the strategies help them effectively contribute to domestic and global climate and development goals?

2. Preparing Mid-Century Strategies is a major undertaking. Are existing sources of technical and financial support sufficient to assist with development of such strategies? If not, what are the key unaddressed needs in this respect?
3. Static long-term strategies may become outdated with future economic and technological developments. How can long-term strategies stay current while still demonstrating long-term trajectories?
4. Should the COP establish a process to draft guidance on Mid-Century Strategies at Marrakech? If not, how can best practices be developed and compiled to ensure comparability and inform relevant audiences?

## Rules on Mitigation Transfers

Article 6 of the Paris Agreement addresses voluntary cooperation between Parties in implementing their NDCs. This includes: 1) Internationally Transferred Mitigation Outcomes (ITMOs); 2) a “mechanism” to reduce GHGs and achieve sustainable development benefits; and 3) non-market approaches. Decision text requests that SBSTA develop and recommend guidance/rules each of these elements (paras 37-40).

An effective system that allows the generation of ITMOs will require significant safeguards to ensure environmental integrity, avoid double-counting, prevent perverse incentives and eliminate “hot air.”<sup>8</sup> Assuming that such policy and technical challenges can be overcome, the timely clarification of ITMO rules can encourage NDC conversion, by allowing countries to consider the full landscape of climate finance and mitigation opportunities as they develop implementation and investment strategies. 90 INDCs mention that access to a market will be needed to achieve their goals.<sup>9</sup> ITMOs may provide options to Parties whose domestic mitigation options are expensive, and represent a source of revenue for those Parties with more low-cost mitigation potential than they are able to effectively exploit.

## Discussion Questions

At the conclusion of SBSTA 44, Parties and Observers were invited to submit their views on guidance related to ITMOs, as well as on the Sustainable Development Mechanism, and non-market approaches. As Parties develop their views on these topics, they should consider how ITMO rules can affect development of policies and investment strategies for NDC implementation, and may wish to reflect on the following:

1. What aspects of ITMO use require further guidance from the UNFCCC, and what can be established on an ad-hoc basis by Parties using ITMOs on a bilateral or plurilateral basis? How can the UNFCCC process provide Parties with the certainty needed for policy planning while ensuring that ITMO use supports the Agreement?
2. Any employment of ITMOs in countries’ efforts to achieve their NDC targets will occur in parallel to a global scale up in the mobilization of climate finance through 2020 and beyond. How can these two

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<sup>8</sup> Hot air refers to when countries/firms can sell credits for emissions reductions already achieved before their targets are set.

<sup>9</sup> “Governments Can Surpass Paris Climate Pledges Through Markets” <https://www.edf.org/media/governments-can-surpass-paris-climate-pledges-through-markets>

tools complement each other to support developing country efforts to achieve their goals? What are the appropriate roles for ITMOs and climate finance *vis-à-vis* each other? Are rules, norms, or best practices needed to govern these interactions?

3. Is guidance needed to ensure that ITMOs support the achievement of NDC targets, and do not discourage ambition in future rounds of NDC development (“hot air”)? Alternatively, does the principle of “progression” as laid out in Article 4.3 of the Agreement, provide a sufficient safeguard of NDC ambition?
4. The variety of types of NDC mitigation target presents challenges that did not exist in the Kyoto Protocol context. Is guidance necessary to support transfers between target types, and to what extent can informal best practices serve? How important is resolution of/greater clarity on these issues to Parties’ efforts to convert their NDCs into policies, measures, and finance-ready investment strategies?

The above questions represent a first effort to begin to distill the *key aspects* of ITMO development, use, and governance whose resolution will better allow Parties to undertake their NDC conversion processes. It is not intended as a global consideration of requirements for the effective use of ITMOs.<sup>10</sup> CCAP welcomes input from Parties on additional key ITMO issue areas whose clarification or resolution will allow them to more effectively convert their NDCs.

## Conclusions and Next Steps

Coming out of Paris, and in the lead up to COP22, Parties have been given a number of tasks, in the context of several different Convention bodies, as well as outside of the negotiating process. The distribution of the tasks among Convention bodies and topic areas may encourage the consideration of these related issues in a fragmented manner, and overlook the potential for synergies between the processes surrounding NDCs, transparency, Mid-Century Strategies, and voluntary cooperation. As Parties develop their approaches in these areas, they are encouraged to consider these issues holistically, and with an eye to supporting domestic planning and policymaking processes, transforming financial flows, and facilitating the catalytic use of climate finance to achieve transformational outcomes.

By acting swiftly, Parties can maintain the Paris momentum and capitalize on the interest of the variety of actors within and outside of the official UN process whose efforts helped make COP21 a success. Achieving NDC conversion in the short term will demonstrate that action is happening on the ground, provide climate finance institutions like the GCF with transformational funding opportunities, and provide clarity and a “direction of travel” to investors in mitigation and adaptation. At the same time, advancing negotiations in the UNFCCC in 2016 and through the entry into force of the Paris Agreement will build confidence in the multilateral negotiation process. Designing the new frameworks effectively can drive both policy and finance flows toward transformational outcomes for years to come.

This paper has aimed to identify a few key areas in which the UNFCCC rules and processes can support countries’ efforts to convert their NDCs. However, the list of topics considered is not exhaustive, and CCAP will

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<sup>10</sup> CCAP is also preparing a separate UNFCCC submission which goes into greater depth on how ITMOs can effectively contribute to the achievement of Paris Agreement objectives, to be published by the end of September 2016.

engage with stakeholders on additional areas that should be incorporated in future analysis. As such, we close this draft discussion paper with two final discussion questions for our readers:

- Which of the other processes emerging from Paris will have a material effect on Parties' ability to convert their quickly and effectively convert their NDCs?<sup>11</sup>
- Are there other critical areas that were not included in Decision 1/CP.21 but where action by the COP could significantly improve Parties' capacity to convert their NDCs?

CCAP welcomes readers' responses to the above questions as well as any other comments on this discussion paper, and will continue to provide research, analysis, and engagement on NDC conversion and the UNFCCC processes as the global community prepares for COP22 in Marrakech and going forward toward implementation of the Paris Agreement.

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<sup>11</sup> For reference, in March 2016 UNFCCC Secretariat identified tasks arising from the Paris Decision. This document can be found here: [http://unfccc.int/files/bodies/cop/application/pdf/overview\\_1cp21\\_tasks.pdf](http://unfccc.int/files/bodies/cop/application/pdf/overview_1cp21_tasks.pdf)

## Annex I: Basics of INDC Conversion

### Why convert NDCs?

While wide adoption of economy-wide mitigation goals in Paris is a critical step in increasing global ambition, greater specificity in domestic policy making is needed to turn pledges into implementable policies, programs, and finance-ready investment plans. For developing countries, this conversion can:

- **Promote ambition** by helping countries to identify or clarify effective pathways to reach their NDC goal, as well as opportunities for action with impacts beyond the NDC target date. Elaboration of specific goals, targets, and plans may encourage efficient, rapid policy development and greater sectoral cooperation;
- **Optimize use of resources** by encouraging the effective use of domestic and international resources, and lower transaction costs through comprehensive approaches to mitigation;
- **Achieve synergies between mitigation and development goals** by aligning national strategies and plans, including the NDC, national development plans, Nationally Appropriate Mitigation Actions (NAMAs), and mid-century low-greenhouse gas development strategies.
- **Make proposals more attractive to funders** by helping countries to justify the need for support in context of the larger country strategy; and
- **Attract private sector investment** by establishing long-term policy signals and developing a pipeline of viable projects that investors need to justify engagement.

For climate finance institutions, the successful conversion of NDCs can help deliver a pipeline of high-impact programs. Strong, programmatic proposals anchored in a broader country strategy can mobilize private financing, and make the case for additional replenishments.

### How is an INDC converted?

Countries will pursue a number of steps in carrying out the process of converting their INDCs, as illustrated in Figure 3. To begin, countries will likely clarify priorities and goals for INDC implementation, and then may wish to further break down the broad mitigation goals communicated in the INDC into sectoral objectives, identify sustainable development goals, and define the key barriers to action in light of country circumstances. This will initiate an iterative process to select options to achieve these goals, as countries assess technical and political considerations for various measures, sectoral strategies and cross-cutting approaches.

Countries will require different types of support depending on how far along they are in the conversion process. Some INDCs are supported by existing climate change frameworks and embedded in national budget and planning processes, and may only require support to mobilize finance for specific programs. For others, the INDC represents the country’s first effort to develop a comprehensive climate change plan, and broader support may be needed. CCAP explores these processes in more detail in papers from [November 2015](#) and [February 2016](#)

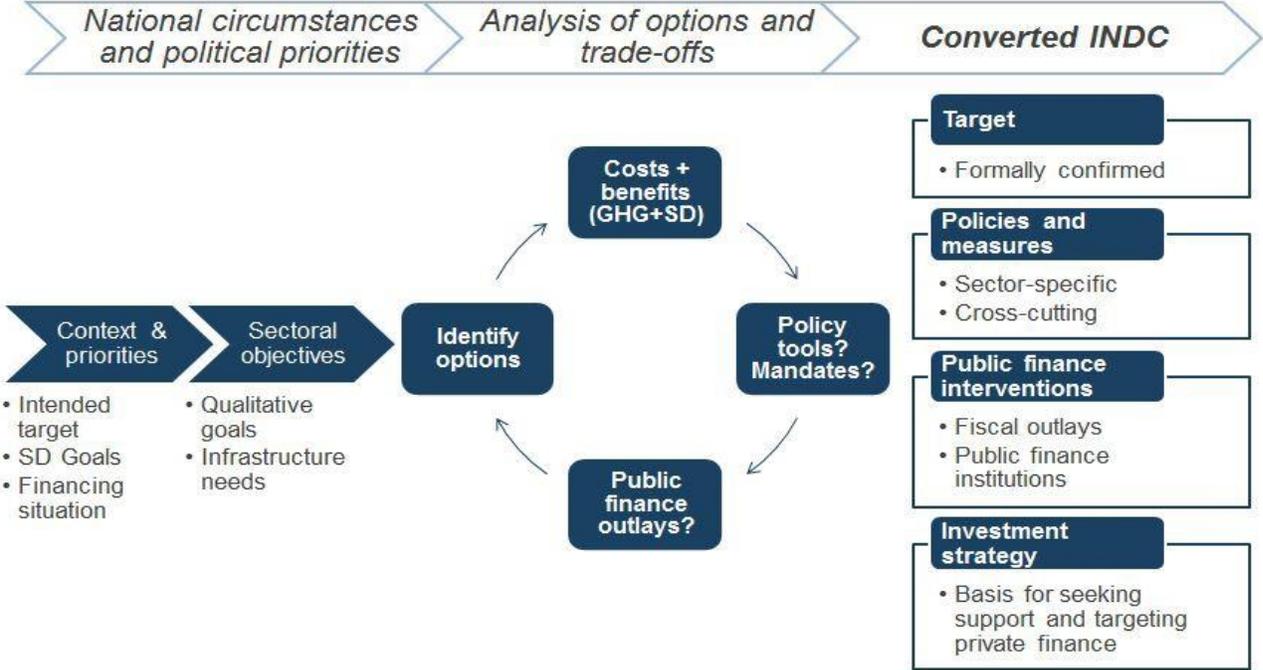


Figure 3 A Model of the INDC Conversion Process