

NEXT STEPS FOR CONVERTING INDCS

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AGENDA

- Why convert INDCs
- Back to Paris – INDC conversion as part of the UNFCCC and GCF cycles
- What is a “converted” INDC – a concept for discussion
- Review what INDC conversion entails
- An INDC investment strategy – making the case to international financiers and funders
- Discussion

WHY CONVERT AN INDC?

Promote Ambition

Optimize use of resources

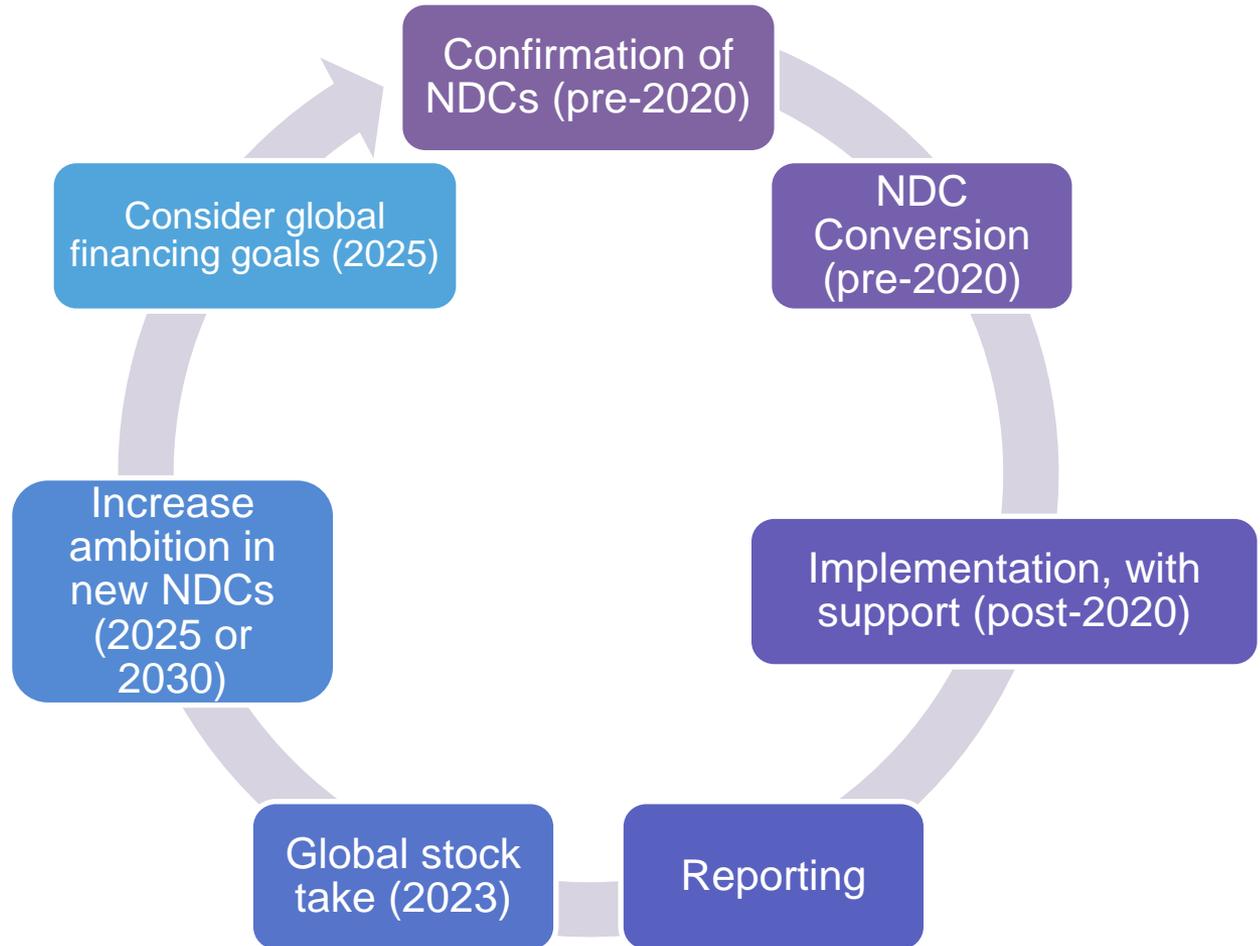
Achieve synergies between mitigation and development goals

Make proposals more attractive to funders

Attract private sector investment

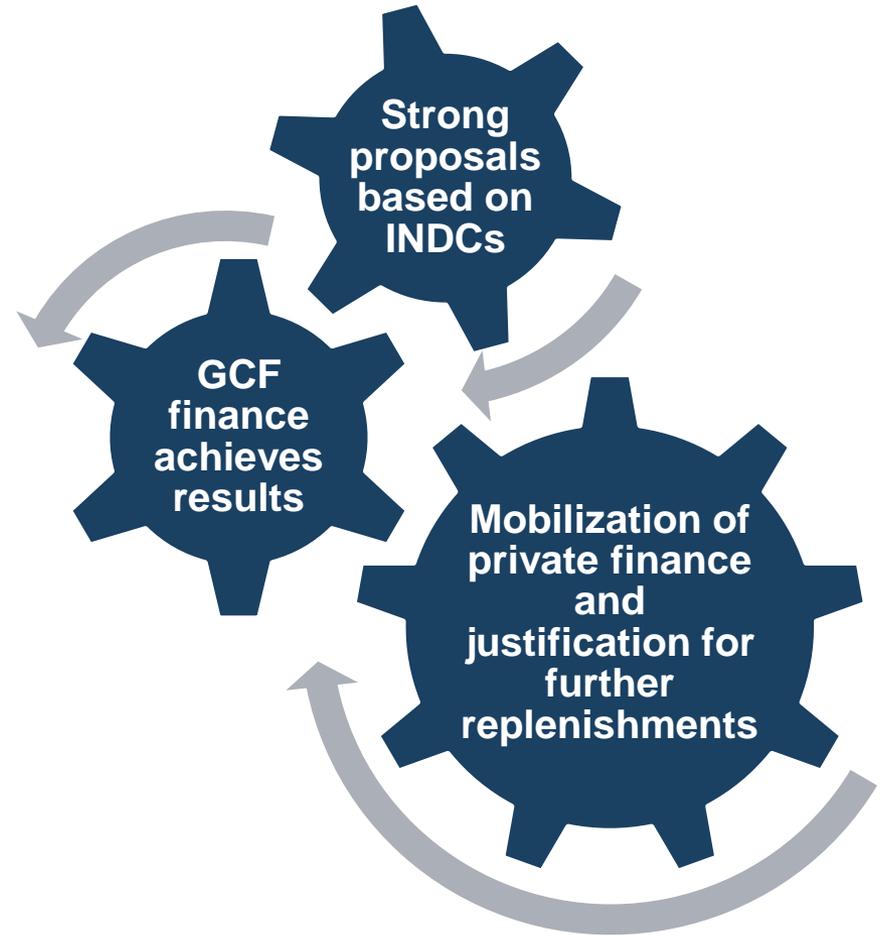
INDC CONVERSION AND INCREASED UNFCCC AMBITION THROUGH THE 5 YEAR CYCLES

- INDC development and conversion is an ongoing domestic policy planning process that is critical to achieving global goals
- Each step of the cycle is repeated every 5 years as defined in Paris Agreement



THE GCF FUNDING CYCLE AND INDC CONVERSION

- The successful conversion of NDCs will deliver strong proposals to funders, including the GCF
- Strong, programmatic proposals can accelerate financing and make the case for additional replenishments.



WHAT IS A CONVERTED INDC?

A converted INDC is a comprehensive national plan to achieve the INDC target. It will likely answer the following questions:

What are the national and sectoral goals?

- Quantified information for all relevant goals, adding up to INDC target
- Economy wide, sectoral, regional etc. targets

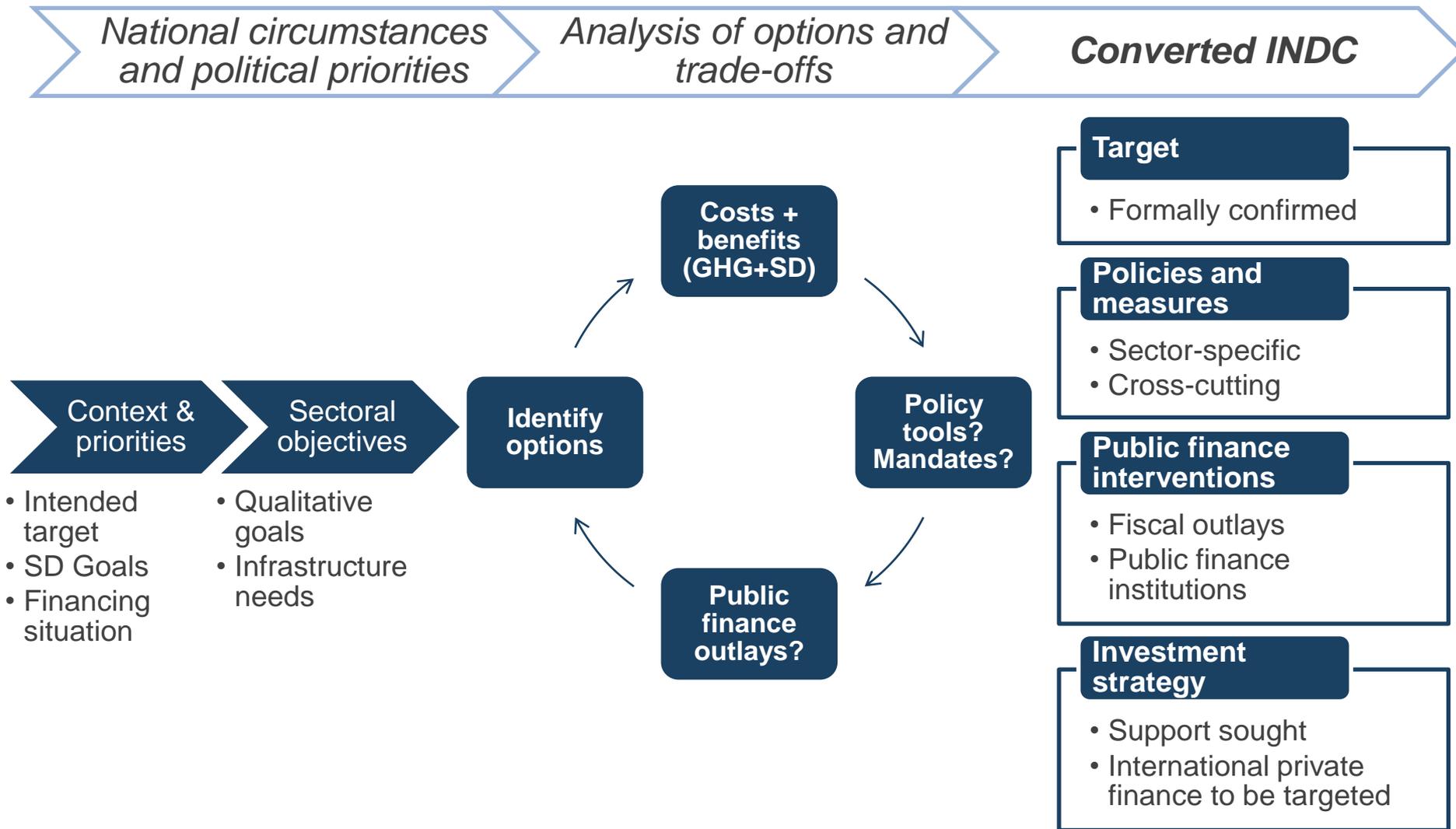
How will the goals be achieved?

- Fully specified policies, measures, mandates and incentives to achieve the goals
- Enabling frameworks to support INDC and LT goals

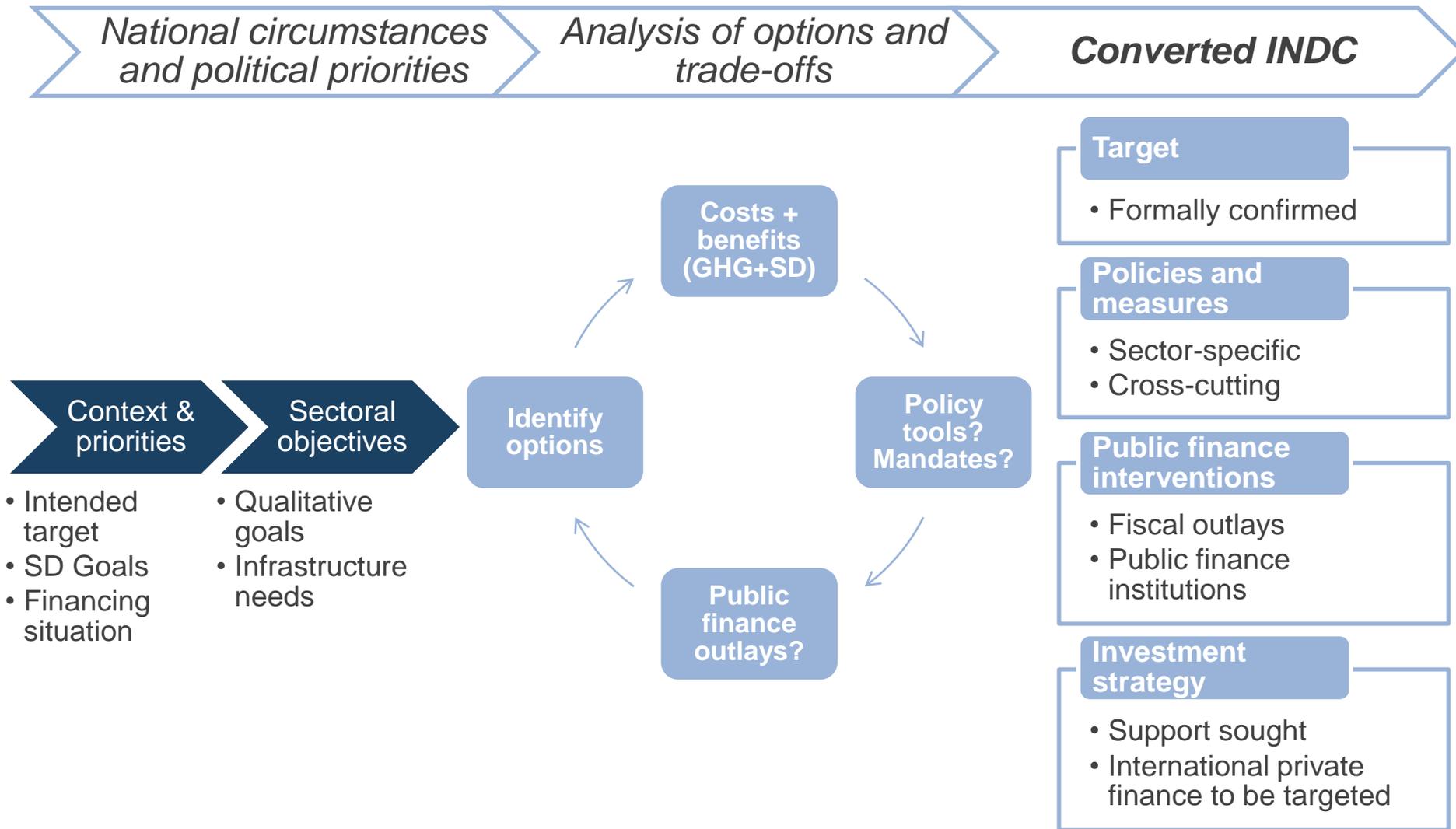
How will the costs be met?

- Government spending
- Households, businesses through policy mandates
- International public and private financing

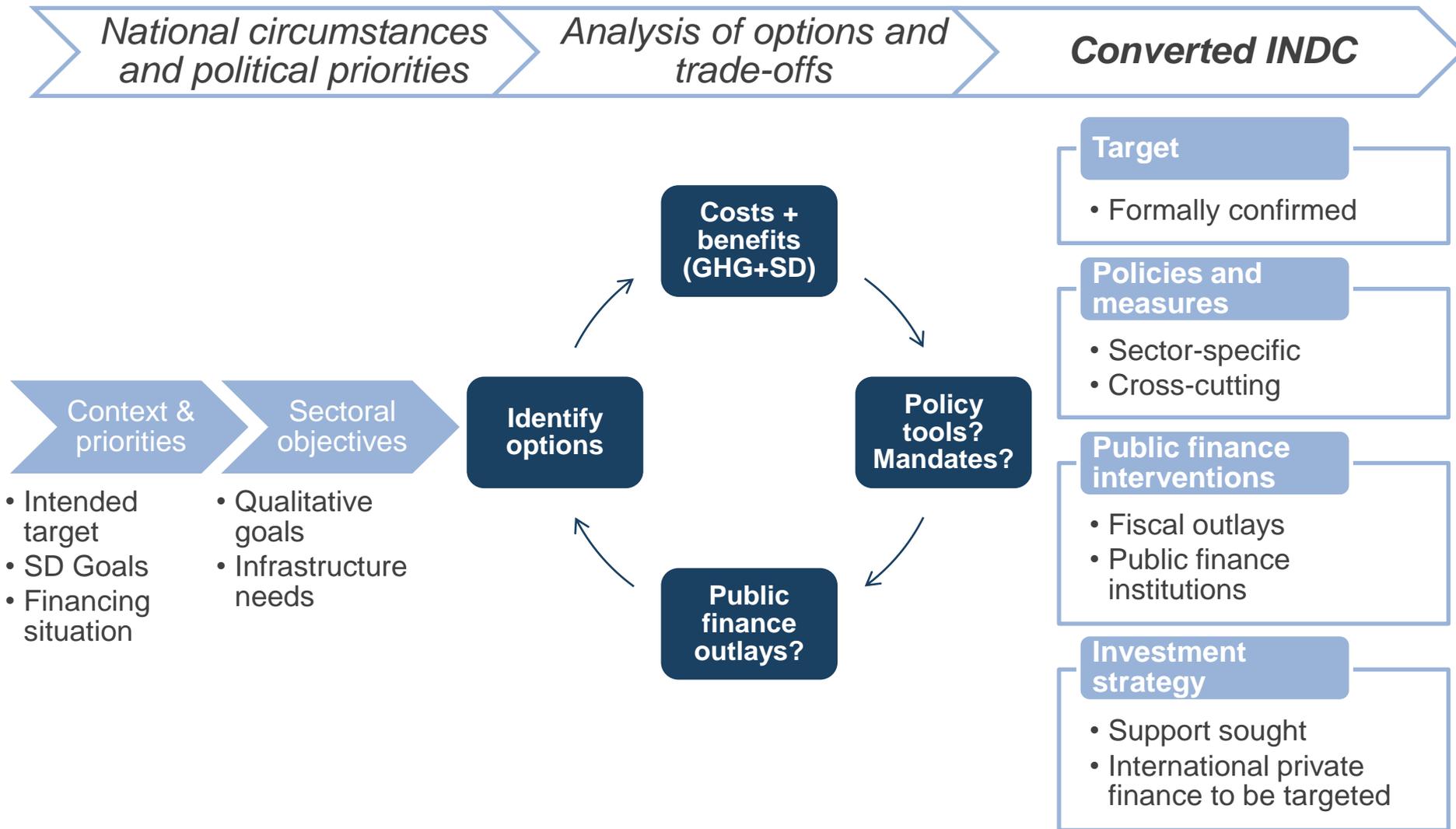
HOW IS AN INDC CONVERTED? (1): OVERVIEW



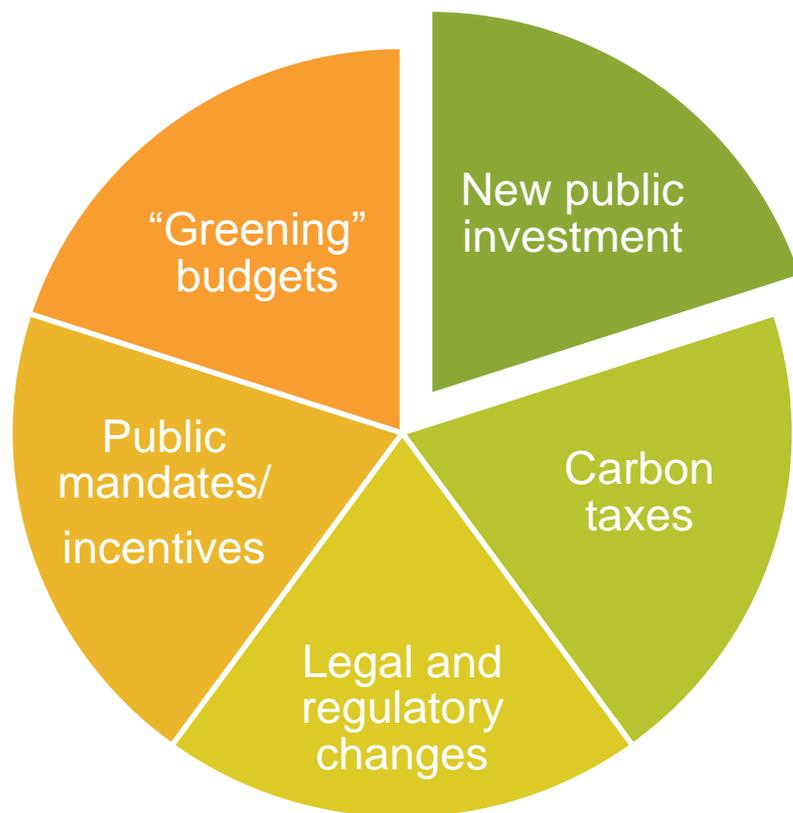
HOW IS AN INDC CONVERTED? (2): SETTING PRIORITIES



HOW IS AN INDC CONVERTED? (3): OPTIONS EVALUATION

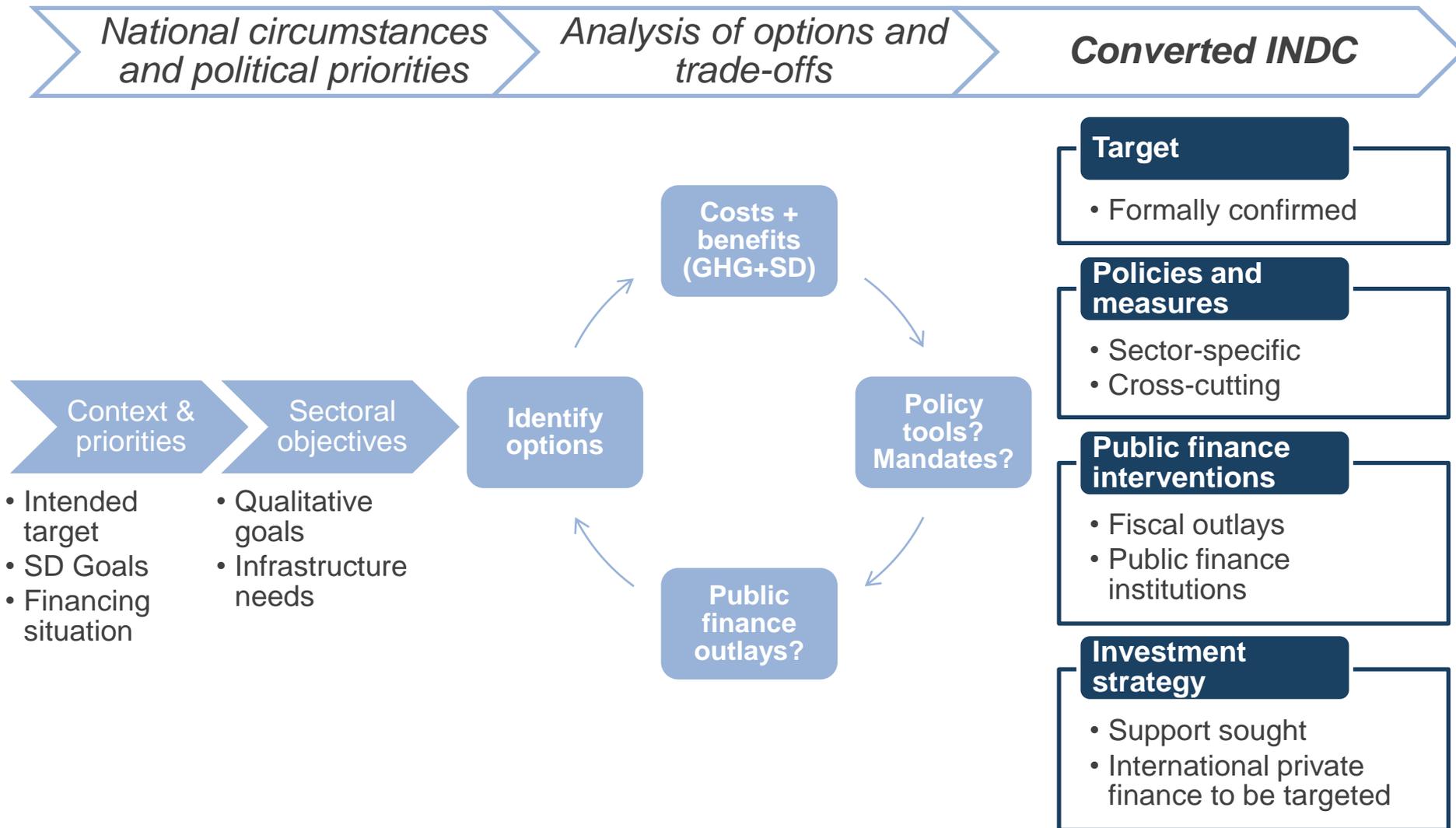


DOMESTIC CONTRIBUTION CAN COME FROM SEVERAL PUBLIC AND PRIVATE SOURCES



- **“Greening” budgets:** Most countries make investments in their development that can be maladjusted to climate, but can be reworked, such as redeploying fossil fuel subsidies
- **Public mandates/incentives:** policies which make households and firms take mitigation efforts at their own expense (with or without incentives) can be a key source of “domestic contribution”
- **Legal and regulatory changes** can eliminate barriers to release pent up demand and leverage bank capital more efficiently to generate new investment
- **Carbon taxes** can create an incentive to change behavior and financial flows and can be used a source for public investment
- **New public investment:** specific new investments in programs and climate-friendly infrastructure will likely be needed for unilateral portions of INDCs

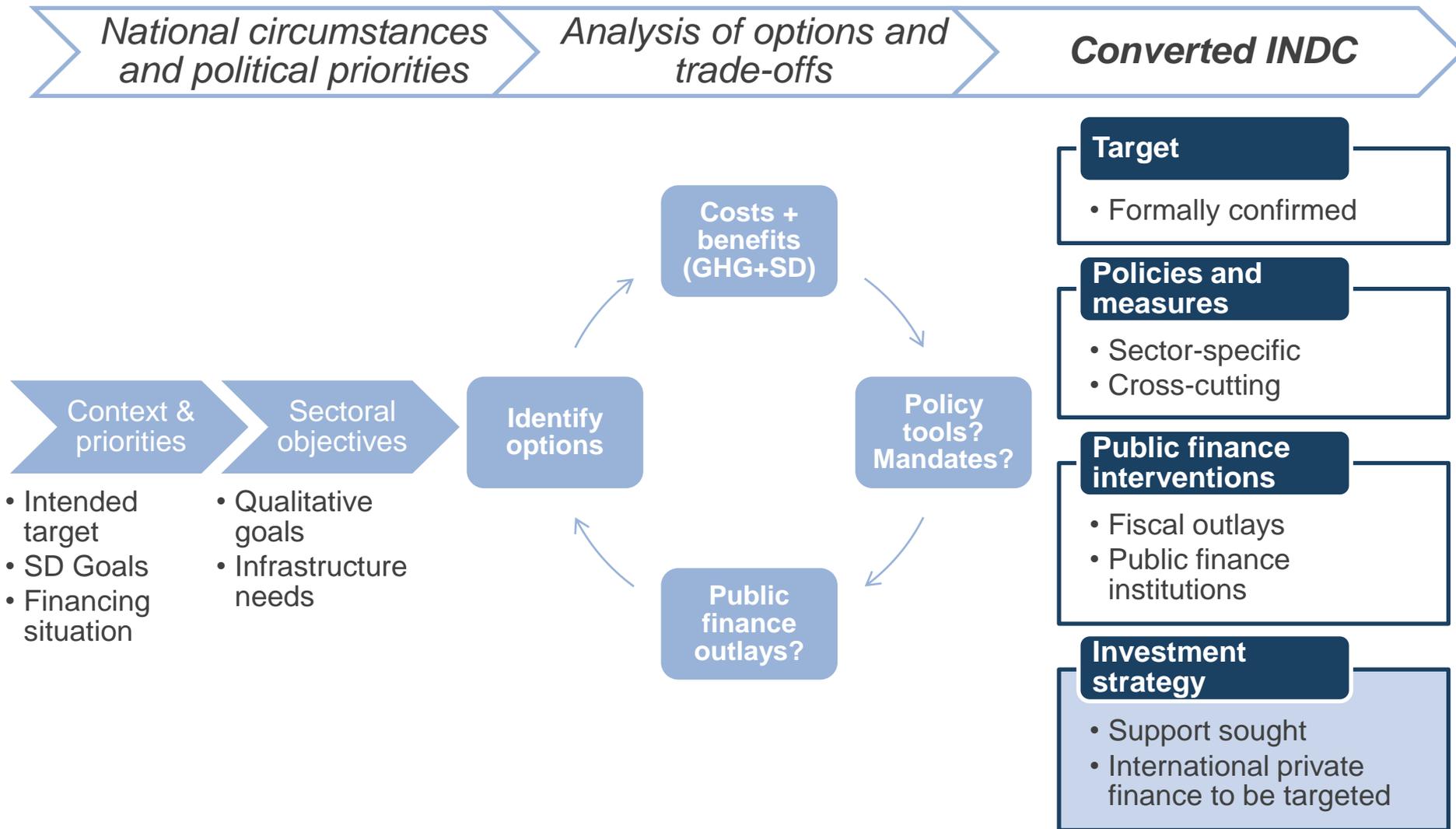
HOW IS AN INDC CONVERTED? (4): THE CONVERTED INDC



ARE CURRENT INDCS CONVERTED “ENOUGH” TO ATTRACT FINANCE?

- Roughly half of the 39 INDCs CCAP studied estimate total investment costs to implement proposed reductions
 - One fifth provide full costs by sector and for specific measures
 - 14% present an overall financial request for international support
- They don't fully reflect factors that will inform funding decisions
 - Incremental costs, taking into account cost savings
 - Cost of any available domestic financing and capacity of domestic financial institutions to provide finance
 - Feasibility (economic, financial)
- An INDC investment strategy can provide this information.

HOW IS AN INDC CONVERTED? (5): THE INVESTMENT STRATEGY



WHAT COULD INDC INVESTMENT STRATEGY INCLUDE?

An INDC investment strategy is a document that will likely answer the following questions for international funders and financiers:

What is the overall picture for climate investment in the country?

- Availability of financing
- Capacity of financial sector
- Key economy-wide barriers

What investment/financial intervention is needed to meet INDC goals?

- Financial flows to be transformed
- Infrastructure needs
- Estimation of costs
- Program-level gaps

What unilateral means will the country use to mobilize financing?

- Policy and regulatory actions
- Role of public expenditure and public finance institutions
- How private finance will be mobilized

What is the strategic basis for requesting international support?

- **How will support drive increased ambition?**
- Rationale for types of financing needed
- Sources targeted
- Specific program proposals to be pursued

INDC Conversion -- general

- CCAP presented a concept for what a “converted” INDC looks like. What would you change or add?
- What areas will present the greatest difficulty as countries attempt to convert their INDC? What are the key areas in which countries will need support?

INDC Investment Strategy

- What factors will be important in looking at the use of domestic resources, and how international support can align with/complement this use?
- How can an investment strategy drive private financing?
- How can a converted INDC and its investment strategy be used to guide international finance from all sources?

THANK YOU

For more information,
please visit us at

www.ccap.org.