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Conditionality of Intended Nationally Determined Contributions (INDCs)

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Summary

Of the 156 Intended Nationally Determined Contributions (INDCs) submitted to the UNFCCC by the closure of COP 21 and the adoption of the Paris Agreement in December 2015, at least 78% of these INDCs included conditions. In most cases Parties submitted a conditional contribution alongside an unconditional contribution, but approximately one third of INDCs include only a conditional contribution.

Specific conditions used in INDCs closely matches the key issues of the international negotiations, including collective ambition of other Parties, the framework of the Paris Agreement, and the provision of international support for INDC implementation; financial support was the key condition for over 80% of conditional contributions.

Conditional contributions have been expressed in a variety of forms, with varying degrees of transparency, resulting in issues in some cases to accurately assess the likely impact of contributions. Nevertheless, the use of conditionality is understood to have facilitated increased ambition: full implementation of the conditional contributions is projected to result in a temperature increase of approximately +2.5°C, compared to approximately +2.7°C for the unconditional contributions only. Furthermore, the use of conditional contributions offers potential for ratcheting-up ambition in future INDC revisions since they indicate to the international community that Parties are willing to engage in dialogue on ambition, whilst also demonstrating the areas where support can be most efficiently channelled to increase the understanding and feasibility of new mitigation options.

The form of the conditionality and level of detail provided is often insufficient to understand its impact. Specifically for Parties seeking support for implementation, the separation of unconditional and conditional contributions has practical limits due to the difficulties to differentiate between unilaterally funded and supported measures at a practical level. For future contributions efforts should be made to provide more detail and transparency on the contributions as well as their conditions, in order to better understand the collective impact of contributions and how better to support each other to increase ambition, as well as to hold each other accountable for enhanced action when conditions are activated.

On behalf of:



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Introduction

All Parties to the United Nations Framework Convention on Climate Change (UNFCCC) were requested to submit an Intended Nationally Determined Contribution (INDC), which were to be anchored in the 2015 Paris Agreement¹. Parties were free to decide upon what to include in, and how to frame, the mitigation contributions of their INDCs.

In anticipation of the negotiations on the level of individual contributions in the context of shared responsibilities, capacities and international support, many countries included two scenarios in their INDCs. In addition to a so-called *unconditional* national contribution, several countries indicated that they would be willing to increase their commitment in the form of a more ambitious target or additional set of actions, given certain conditions were met. This has been popularly termed in the international community as the *conditional* contribution.

This briefing paper concisely presents the key information on the conditionality of countries' mitigation contributions in their INDCs, as well as the implications of conditionality for the international climate change mitigation effort and for international finance and support streams.

Overview of INDC conditionality

Number of conditional INDCs

By the closure of COP 21 and the adoption of the Paris Agreement in December 2015, 156 INDCs had been submitted to the UNFCCC's official INDC registry (UNFCCC 2015b). In total, these submitted INDCs accounted for 183 Parties, representing more than 95% of global greenhouse gas emissions (CAT 2015).

Table 1 presents an overview of the proportion of INDCs with conditional contributions, and demonstrates the major importance of conditionality to the present state of national contributions for climate change mitigation.

¹ The Paris Agreement references the submitted INDCs encouraging countries to undertake the contributions

Table 1: Overview of the proportion of INDCs with conditional contributions

Nature of contribution	Proportion of INDCs
Including an explicitly conditional component	78%
<i>Both conditional and unconditional</i>	43%
<i>Conditional only</i>	33%
<i>Partially conditional</i>	2%
Not including an explicitly conditional component	22%
<i>Explicitly unconditional only</i>	3%
<i>Unspecified</i>	19%

Source: WRI CAIT Data (2015)

Table 1 shows that the large majority – 78% – of INDCs submitted to the UNFCCC registry contained explicitly conditional contributions of some form. Of these INDCs with conditional contributions, the most common format, used in 67 INDCs, was to submit both unconditional and conditional contributions. A further 51 INDCs included only contributions that were explicitly conditional, whilst 3 INDCs presented a single contribution which are considered to be partially conditional, in that they are based on an unspecified mix of domestic and international sources of finance. Of the 22% of INDCs that do not explicitly include conditions a small minority of these specified that their INDCs included only an unconditional contribution, whilst the majority did not specify on the conditionality of their INDCs. These unspecified contributions are considered likely to be unconditional, but their unspecified nature may leave this open for interpretation.

Just as the form of INDCs varies considerably, so does the form of the conditional contributions, which are presented in the following ways:

- **Quantified increase in GHG reductions**
Parties that include emission reduction targets, emissions intensity targets or other decarbonisation indicators as an unconditional component in their INDCs, often express the conditional contribution simply as an advance on their unconditional target.

(Article 3). This non-legally binding language was deliberately used to reduce the risk of non-ratification of the Agreement by some country governments.

- **General statement on increased ambition/overachievement of target**
Some conditional contributions are expressed as a general statement that the Party would be willing to increase its ambition level given certain conditions were met. In such cases, further details on the degree of ambition increase are not included.
- **Additional set of actions**
Some INDCs include an additional set of policies and measures that could be implemented, dependent on conditions being met. The level of detail given for additional actions varies considerably, from rather general statements to investigate enhanced action in specific sectors or subsectors, to detailed measures with emission reduction estimates.
- **Unconditional and conditional parts of the contributions not clearly distinguished**
For some INDCs, it is noted that the contributions are at least partially conditional, but it is not specified to what extent. In such cases, there is a lack of clarity of both the conditions as well as the share of the contribution which is dependent upon them. (This issue is discussed further in the section *Procedural and legal implications*, p5.)

Types of conditions

The types of conditions closely reflect some of the key issues discussed at the international policy level. Specifically, this includes availability of and access to international financial and technical support, the collective level of aggregated ambition, specific elements of the Paris Agreement, support for adaptation, and other facilitating circumstances.

Provision of international financial and technical support for the implementation of mitigation actions

Reflecting the importance of finance in the negotiation of the Paris Agreement, over 80% of conditional contributions are attached to the provision of financial support for all or part of the proposed actions. However, at this stage, few INDCs clearly identify a

specific volume of required finance. In most cases, specific details of the volume of finance required are either not yet available, or tentatively indicated and subject to more detailed analysis. Related to that is the lack of a clear strategy of how and through which specific mechanisms the INDC may be implemented in many cases. In this regard, it is noteworthy that the results from a NewClimate Institute survey of 52 developing countries (see NewClimate Institute 2015) show that countries typically reported limited progress in the technical assessment of costs and support requirements, with many countries indicating this as a priority area for the further elaboration and implementation of their INDCs in 2016.

Collective ambition

Several Parties indicated that they would be willing to increase the level of their contribution in the case of an increase in the collective ambition of other countries' contributions. In all such cases, the conditions do not specify a precise level of required ambition, so the realisation of the commitment remains unclear.

Framework of the Paris Agreement

Ahead of the negotiation of the new international climate change agreement, many Parties used their INDCs to express their positions on some aspects of the potential agreement's framework. For example, many INDC submissions indicate explicitly that the Parties would be interested to use international flexibility mechanisms or market based approaches to fulfil their contributions, whilst for some countries, such as Mexico, the availability of such mechanisms was a specific condition for enhanced ambition.

General circumstances

The vaguest of conditions, presented in some INDCs, were general statements relating to national circumstances. For example, one INDC indicates that ambition enhancements would be considered "if circumstances allow".

Approaches to determining unconditional and conditional contributions

Through consultations with national stakeholders (see NewClimate Institute 2015), a clear trend was observed in the way in which the unconditional contributions of developing countries were determined. For many of these countries, the determination of an unconditional contribution was in some ways a stock-taking exercise: unconditional contributions in developing countries were often based upon an aggregation of existing and approved policies and ongoing processes, whilst other measures including NAMAs under development and potential strategies that were not yet approved were often included in conditional contributions (NewClimate Institute 2015). Insights from consultations with national stakeholders indicate that this approach for the determination of the unconditional contribution was necessary in some countries due to the difficulties they faced with the timing and resources available for INDC preparation: in some cases, time was not available to obtain parliamentary approval for unconditional measures that went beyond the policies and measures that were already passed into legislation, whilst in other cases the deficiencies in the depth and reliability of information pertaining to mitigation potential and costs made it difficult to approve additional measures due to the high level of uncertainty and risk involved in doing so.

It is noteworthy that some developing countries took a different approach to determining their conditional contributions. For several countries, including Ethiopia and Kenya, the impracticality of differentiating between unilateral and supported action was addressed by presenting a single contribution with the clause that fulfilment would be dependent on a certain degree of international support to complement unilateral resources. In other countries, including Mongolia and Uganda, the terminology of *unconditional* and *conditional* contributions was discarded; a main *mitigation contribution* is conditional to the

continuation of existing channels of international finance, whilst *additional measures* are conditional to the provision of new sources of support.

Implications of INDC conditionality

Climate change mitigation impact

Direct mitigation impact of contributions

For INDCs which express the conditional contribution as a quantified target or a readily quantifiable set of actions, full implementation of the conditional contributions is projected to result in a temperature increase of approximately +2.5°C, compared to approximately +2.7°C for the unconditional contributions only (Climate Action Tracker 2015). Total global greenhouse gas emissions in 2030 will be in the range of 53.1 MtCO₂e (full implementation of unconditional *and* conditional contributions) and 58.6 MtCO₂e (full implementation of unconditional contributions and no further action) (UNFCCC 2015).

This means that global annual emissions will increase by between 37 per cent and 52 per cent by 2030, compared to 1990 emission levels, and leaves an annual emission gap of 11.1 MtCO₂e to 21.7 MtCO₂e above the trajectory range deemed the least-cost scenario with a probable chance of stabilising global climate temperatures at no more than 2°C above the pre-industrial level (UNFCCC 2015).

Since many conditional contributions include general statements or sets of actions that were not readily quantifiable, this mitigation impact might be considered a conservative estimation of the impact of conditional contributions, and it is likely that these projections could be revised down further when countries further elaborate the details of their conditional contributions, as well as the precise details of the conditions themselves, as many countries now expected to begin doing in 2016 (see NewClimate Institute briefing *Next steps for INDCs post-Paris*²).

Conditionality and ambition

In terms of the relationship between conditionality and climate change mitigation ambition, industrialised and developing countries appear, in general, to

² NewClimate Institute, forthcoming (February 2016)

have taken different approaches to the determination of their unconditional and conditional contributions. According to analysis from the Climate Action Tracker (CAT 2015); less than 40% of the 18 low- and middle-income countries analysed under the CAT had unconditional contributions that went beyond their current policy projection trajectories³. For these countries, only the conditional parts of the contributions present ambition that goes significantly beyond current policy projections. It is important to note though that ambition increase does not necessarily equal ambition itself. Some countries' current policy scenarios may already be very ambitious compared to others where the ambition increase may be more pronounced but not the level of ambition itself. By contrast, over 90% of the high-income countries evaluated presented unconditional contributions that went beyond the projections for their current policy scenarios.

Indirect potential of conditionality for ratcheting-up ambition

Additional to the enhanced direct impacts of conditional contributions, the inclusion of conditional contributions may increase the potential for ratcheting-up ambition in the future:

- For INDCs where the measures in the conditional contributions were not elaborated in great detail, the information still indicates to the international community in which sub-sectors there remains potential for deeper investigation and analysis of the technical options and costs for mitigation, in order to potentially increase scope and ambition for future INDC revisions. Specifically, what was termed as conditional contributions in INDCs shows where the ambition of unconditional contributions may be ratcheted up.
- Contributions made conditional to increases in collective ambition, and other general statements attached to national circumstances, offer a positive indication of the

Party's willingness to engage in dialogue on enhanced ambition. Such Parties may consider to engage in bilateral or multilateral dialogue to collectively ratchet-up ambition ahead of the next round of INDC revisions.

Procedural and legal implications

The Paris Agreement adopted in December 2015 was framed in a way in which countries' individual contributions would not be legally binding (United Nations Framework Conventions on Climate Change 2015). The text does not officially recognise a differentiation between conditional and unconditional contributions. In any case, there are technical issues that may make it difficult, in theory, to formally anchor the conditional contributions in an international agreement:

- **There is a lack of transparency in the individual contributions.** The lack of transparency of individual contributions, both in regards to the determination of the unconditional/conditional targets and the baselines to which they refer, leads to difficulty to assess the impact of the conditional part of the contribution; this adds to the uncertainty in an already uncertain scenario given the variety of INDCs presented.
- **Compliance with conditions is subjective.** It will be difficult in some cases to determine compliance with conditions and "activation" of conditional contributions, especially where conditions are vague and subjective.

That there is no official reference to conditional contributions in the text of the Paris Agreement, means that the precise implications of the conditional contributions are likely to be determined by negotiations at the bilateral and multilateral level.

Finance and support implications

The provision of additional sources, and up-scaled volumes, of international finance for climate change

³ Current policy scenarios are assessments of the existing policy framework and are independent from the countries' own business-as-usual or reference trajectories. Often, countries' own business-as-usual or reference trajec-

tories present an organic growth path that does not include the introduction of recent and upcoming policies and targets, whilst these are included in the CAT's current policy projections. See the Climate Action Tracker Methodology (CAT 2015) for further details.

mitigation and adaptation is key to the large majority of conditional contributions submitted by Parties.

However, the aggregated volume of finance and the type of support required remains unclear as it is often unspecified in INDCs. Even where the financial support requirements are specified the overall finance needed to implement the INDC is not determined. Partly, this is related to a general lack of detailed analysis of finance needs at the national and sectoral level. However, this situation is also caused by the impracticality of using explicit unconditional and conditional contributions when referring to finance as a condition, due to the difficulty to distinguish between support and unsupported activities. It is understood that a high proportion of mitigation activities taking place in developing countries are already subject to some level of international financial or technical support. In many of these countries it is not realistic to contrive a hypothetical situation in which all external technical and financial support were to be removed. Therefore, the unconditional contributions of most lower- and middle-income countries will also include elements that are internationally supported. It would be highly impractical to disrupt this current state to create a situation whereby one set of activities could be entirely reliant on unilaterally resources whilst a separate set of actions would be based on international support.

Despite the ambiguity of the support needs for conditional contributions, the practical situation as well as Articles 4.3 and 4.7 of the Convention which oblige Annex I countries to provide support for mitigation and adaptation efforts of developing countries, mean that the volume of finance required to fully implement conditional contributions is likely to be the sum of the specific support needs for the conditional contributions *in addition* to existing streams and volumes of climate finance.

Conclusions and recommendations

Conditionality increases uncertainty but may increase potential ambition

The conditionality of INDCs, and in many cases their subjectivity, increases the difficulty to precisely assess the collective impact of INDCs and their support needs. However, the inclusion of conditional contributions, both in the form of specific enhanced targets and general statements of enhanced action, may have increased the collective ambition of submissions beyond that which would have been achieved had INDCs been framed as unconditional contributions only. This is particularly so for developing countries: given the limited resources and high uncertainty for mitigation planning in developing countries, most developing countries' unconditional contributions amounted to a stock-taking and communication of the combined impact of existing and approved policies and processes, whilst these countries often used conditional contributions to show where further ambition would be possible. Furthermore, the conditional contributions provide an indication of Parties' willingness and general ability to increase the level of ambition. This is a basis for bilateral and multilateral talks to ratchet up ambition and for the role of technical and financial support in this regard.

Splitting contributions into conditional and unconditional parts is not a practical approach for conditions related to support

Although the approach to include conditionality in contributions has significant merits, the format in which conditionality has been commonly presented for countries seeking international financial support has limitations regarding the practicality of differentiating unilateral and supported measures. For future revisions of INDCs, countries seeking support for implementation might consider converting their dual contribution approach into a single comprehensive mitigation strategy associated with a detailed investment plan that specifies requirements for unilateral and external resources for all of the plan's elements. Countries may still wish to present a separate Annex listing areas that they would be interested to develop more detailed plans for in future revision

rounds; doing so would provide the international community and support institutions with clear guidance on how to assist the development of the climate change mitigation agenda in the country.

More detail and transparency is needed for contributions and their conditions

As the focus of international climate change mitigation efforts shifts from the preparation of contributions to their implementation, major importance should be placed on the clarification of the details behind countries unconditional and conditional contributions, to understand the level of effort and the potential to increase ambition; a clearer communication of contributions, allowing for a more reliable assessment of their impacts, may increase the calculated collective impact of contributions for reducing global temperature rise. Of equal importance is the further definition of the conditions themselves, so that Parties understand clearly how to support each other to increase their ambition, as well as to hold each other accountable for enhanced action when conditions are activated.

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<http://mitigationpartnership.net/global-support-project-preparation-intended-nationally-determined-contributions-indcs>