POLICY PAPER:

CONVERTING INTENDED NATIONALLY DETERMINED CONTRIBUTIONS INTO ACTION

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CENTER FOR CLEAN AIR POLICY

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Acronyms

ADP	Ad Hoc Working Group on the Durban Platform for Enhanced Action
BAU	Business-as-usual
CCAP	Center for Clean Air Policy
COP	Conference of Parties
CTCN	Climate Technology Centre and Network
GCF	Green Climate Fund
GEF	Global Environment Facility
GHG	Greenhouse Gas
INDC	Intended Nationally Determined Contribution
MAIN	Mitigation Action Implementation Network
MAPS	Mitigation Action Plans and Scenarios program
MDB	Multilateral Development Bank
MRV	Measurement, Reporting and Verification
NAMA	Nationally Appropriate Mitigation Action
NAP	National Adaption Plan
NAPA	National Adaptation Program of Action
TNA	Technology Needs Assessment
UNFCCC	United Nations Framework Convention on Climate Change

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Introduction

In advance of the 21st Conference of Parties (COP 21) to the United Nations Framework Convention on Climate Change (UNFCCC) in Paris, 173 countries representing 95% of global greenhouse emissions have put forward Intended Nationally Determined Contributions (INDCs) to a post-2020 international climate agreement.[1] Developing country Parties have, in large number, submitted quantified economy-wide mitigation targets and broad adaptation goals – for many, marking their first comprehensive effort in this respect. The mitigation targets broadly reflect a progression in scope and coverage with respect to previously pledged Nationally Appropriate Mitigation Actions (NAMAs) under the Cancun Agreements, and mark a major increase in the number of countries putting forward national pledges since Cancun. Many Parties indicate that they need support to achieve greater ambition than they can achieve on their own.

An elaboration of the broad targets included in these INDCs will likely be necessary. For Parties seeking support, converting INDCs into implementable policies and measures and financeable investment plans will be key to fully operationalize their targets by leveraging their own resources and attracting public and private international financing at scale.[2]

Addressing the issue of converting INDCs into investment strategies is timely, in light of the unprecedented commitments made by Parties ahead of Paris, as well as strong momentum on climate finance. Having approved the first eight funding proposals, Green Climate Fund (GCF) Board members appear to agree on the need to rapidly mobilize a pipeline of high quality, country-driven projects and programs that achieve broad transformational change. In addition to the US $10 billion pledged to the GCF by contributing countries, other public and private sector financiers with even greater resources at their disposal are looking for ways to scale up their climate finance in ways to help countries implement their commitments. How public institutions, including those under UNFCCC auspices, can support the preparation of transformational proposals in a way that is consistent with existing mandates and criteria needs to be defined.

This paper builds on the Center for Clean Air Policy's (CCAP) policy dialogue sessions and focused discussions with a diverse group of UNFCCC climate negotiators, GCF Board members, representatives of key climate finance institutions and others, which have explored how the Paris agreement can promote climate ambition through the effective use of climate finance. These conversations, as well as our work with developing countries to prepare their post-2020 contributions, highlighted growing convergence on the need to further consider how Parties will achieve transformational action on the ground in line with their INDCs, and how financing can facilitate this for those Parties that need support.

[1] As of November 23, 2015, 146 INDCs had been submitted representing 173 countries (with the EU counted as one due to the common INDC).

[2] Developed countries will also need to elaborate their INDCs domestically and report on progress through UNFCCC reporting in line with Convention guidelines.

This paper seeks to develop a common vision of what converting INDCs into investment strategies involves. We take stock of the current state of play in converting INDCs by examining key INDCs from developing country Parties, with a view to better understand the types of support countries need to take conversion forward. We then consider whether UNFCCC institutions, as well as entities outside the UNFCCC, are currently in a position to effectively address these needs, and identify ways to strengthen the provision of support. We also consider the domestic actions and international cooperation that can catalyze private finance, including the development and financing of large scale project pipelines and the creation of policy frameworks that can enable such investments.

The work of Parties to convert INDCs

While much emphasis has been given to the development of comprehensive mitigation and adaptation goals within INDCs leading up to the COP, the focus of Parties after Paris will need to turn to how to effectively operationalize these goals by converting INDCs into implementable actions that achieve transformational impacts. As part of this process, Parties will likely carry out the following:

- Define country circumstances, national priorities, and key barriers to action;
- Identify strategic policy priorities at the national and sector level in line with achieving economy-wide mitigation, adaptation and sustainable development goals; and
- Design specific policies, regulations, and incentives to spur public spending and mobilization of private resources to implement these strategic priorities.

In the case of developing countries, additional steps will likely be necessary for Parties that wish to access international financing for implementation to leverage domestic investments in mitigation and adaptation, including to:

- Select programs and measures most in need of support and most likely to contribute to global ambition, based on various factors, such as cost, sustainable development and climate benefits, consistency with national priorities, and potential to catalyze additional public and private investment;
- Collaborate with potential domestic and international public and private implementing partners and financial intermediaries to develop finance-ready investment strategies for implementation; and
- Present the investment strategies as compelling grant, concessional and non-concessional finance proposals that fulfill the criteria of targeted funding sources.

How far have countries come in converting INDCs?

CCAP has undertaken an analysis of key INDCs in order to understand the progress that has been made, at an aggregate level, in converting economy-wide mitigation targets into finance-ready plans that can attract public and private support for implementation.

Analytical findings

We looked at INDCs submitted by October 2 2015, and selected those from the 50 highest emitting Parties (with the EU counted as one due to the common INDC). Of those, we analyzed the 39 INDCs of the developing country Parties included in our top-50 sample, in order to focus on the conversion of INDCs into investment strategies for countries eligible for support under the Convention. Of these 39 developing countries Parties, 35 indicate they can achieve a greater level of ambition conditional on international cooperation.

This analysis focuses on the mitigation information countries choose to present in their INDC, and did not seek additional information from other UNFCCC-related or national documents. An INDC can be seen as the priority messages that a Party wishes to communicate to the Convention about their planned actions and their needs for support in implementation.[3] The annex to this paper provides a consolidated table of findings.

CCAP's analysis revealed a wide range of information included in the 39 INDCs, with respect to emissions projections, specificity of planned actions, clarity on unilateral versus supported actions, and financial information.

Emissions projections

Of the 39 developing country INDCs analyzed, all present an economy-wide mitigation goal or target. However, not all present emissions projections, which can serve to enhance the credibility of anticipated reductions. Two-thirds present a business-as-usual (BAU) projection and one third project their emissions, showing the expected impact of their INDC.

Emissions Projections	Percentage	Number of INDCs
Includes a business-as-usual projection	67%	26
Includes a projection showing the expected impact of the INDC	36%	14
Sample: 39 developing country INDCs		

Specificity of planned actions

Many of the INDCs include reference to relevant sectors, with about a quarter providing an estimate of emissions reductions to be achieved for each sector. Furthermore, nearly half include specific measures to be implemented.

[3] A number of developing countries also put forward adaptation elements in their INDCs. Inherently more sector-specific and varied, it would be difficult to analyze these goals alongside mitigation. Future work can focus on understanding how the adaptation component of INDCs have been expressed, and the degree of progress toward turning these goals into finance-ready programs and measures

Specificity of planned actions	Percentage	Number of INDCs
Includes quantified sector-wide emissions reductions targets	23%	9
Includes specific planned measures	49%	19
Sample: 39 developing country INDCs		

Clarity on unilateral vs. supported actions

Of the 35 countries whose INDCs indicate they can achieve a greater level of ambition conditional on international cooperation, half of these distinguish a unilateral economy-wide target from the target they can achieve conditional on support. However, only 3 indicate specific measures which are to be carried out unilaterally and which require international support.

Clarity on unilateral vs. supported actions	Percentage	Number of INDCs
Includes a unilateral economy-wide target and a target that can be achieved with support	49%	17
Provides a clear indication of which specific measures can be taken unilaterally vs. which require support	9%	3
Sample: 35 developing country INDCs from Parties seeking international support for implementation		

Financial information

Nearly half of the 35 INDCs from Parties seeking international support present an estimate of the aggregate investment costs for implementation of their INDC[4], with a few breaking down these costs by sector or measure. Five of the 35 Parties seeking support specify the amount needed from international sources versus what can be financed domestically. Parties that do not quantify costs also do not quantify the financial need from international sources.

Specificity of financial information	Percentage	Number of INDCs
Indicates aggregate investment costs	46%	16
Indicates investment costs by sector or for specific measures	20%	7
Estimates the aggregate amount needed from international sources	14%	5
Estimates the amount needed from international sources by sector or for specific measures	6%	2
Sample: 35 developing country INDCs from Parties seeking international support for implementation		

[4] Generally it would appear that, rather than considering incremental costs, the INDCs present the total investment cost, i.e.: the total cost to all relevant entities to achieve the INDC or specified sector targets or measures.

Assessment

The scope and coverage of the 39 INDCs reviewed reflect an unprecedented breadth of commitments by developing country Parties ahead of Paris. Although the level of transparency and specificity varies, many of the mitigation INDCs examined provide clarity on country priorities by presenting specific sector targets and measures, and include emissions projections that enhance the credibility of expected reductions.

A substantial number of INDCs also distinguish a unilateral economy-wide target from the target they can achieve with support, as well as present expected investment costs for the full implementation of their INDC. In general, however, few provide additional specificity on supported versus unsupported actions and financial needs. These gaps point to the future work to be done to convert INDCs into credible and finance-ready investment plans.

Countries that have not already done so will need to estimate costs for the programs and measures that contribute to their overall target. Countries seeking support for implementation will then need to define the level of financing to request from international sources and the level of support to be financed domestically for planned actions.

In making these determinations, countries will likely take into consideration a number of factors, including greenhouse gas (GHG) reductions, costs, budget constraints, co-benefits, and political viability. Existing climate finance entities have a variety of criteria for proposal evaluation. In the case of the GCF, there are six overarching criteria to evaluate proposals on a competitive basis. Those criteria include three which relate most directly to the question of how much host country versus GCF and other international and private sector support is appropriate: country ownership, need, and efficiency and effectiveness (read "leverage"). In effect, countries know that the competitive process creates a "race to the top", and they must judge how much to request based on their assessment of the strength of their overall proposals. As part of the conversion of INDCs process post-Paris, it will be important for the GCF and other entities to provide some early additional guidance on the key factors that will go into the evaluation of the level of country support proposed and the level of international support requested, taking into consideration country circumstances and needs.

Support for INDC conversion can help countries to assess costs, as well as undertake the more challenging task of determining the level of support that is desired and appropriate. Because putting in place the policies, programs and financing strategies needed to effectively operationalize the INDCs will take time, it will be critical to expeditiously take this work forward in order to achieve countries' post-2020 goals.

Country processes for INDC preparation and conversion

There is a wide range among Parties in terms of the degree to which INDCs spell out specific programs and support needs. A closer examination of countries' processes for INDC development and conversion, including how these processes are supported by existing climate change frameworks, and the extent to which INDC targets and planned actions are embedded in national budget and planning processes, can help provide a better understanding of what next steps are needed to produce transformational policies and to define the type and level of support that is desired and appropriate.

Some countries developed their INDCs based on specific existing and new climate change strategies and plans, and may only require support for specific proposal development. For others, the INDC represents the country's first effort to develop a comprehensive climate change plan, and broader support may be needed.

In both cases, broad political buy-in will be critical to achieve INDC goals. In the preparation of their contributions, some countries have had ongoing engagement with Ministries of Finance and Planning to secure political and budgetary support for the implementation of targets, policies and planned measures, and with the line agencies responsible for the particular policy or sector. In this respect, a key outcome of the INDC conversion process is to identify win-win strategies that are anchored in national policymaking and the domestic political and sustainable development agenda.

The following country examples illustrate three broad categories of where developing countries fall in terms of progress toward full INDC conversion, and the range and the types of support that will likely be needed to take this work forward. To better understand where these specific countries stand, we examined the information included in the INDCs and additional information included in other UNFCCC-related or national documents.

Mexico

Mexico has committed to unconditionally reduce their GHG emissions by 22% below BAU in 2030, and put forward a conditional target of 36% below BAU. In addition to quantified nationwide unilateral and conditional targets, the INDC includes a peaking year for emissions (2026) and targeted reductions in emissions intensity per GDP that enhance the scope and specificity of the pledge.

The INDC builds on the country's longstanding legal and institutional framework for climate change policy, guided by an overarching climate law, the Special Program on Climate Change (which sets out mitigation goals and specific actions to achieve them), and recent comprehensive energy sector reforms. While the final INDC does not present the specific measures intended to achieve the overall target, greater details on sectoral targets and actions are provided in a separate report by the Secretariat of Environment and Natural Resources.[5]

[5] SEMARNAT, 2015. "Intended Nationally Determined Contribution." http://iecc.inecc.gob.mx/documentos-descarga/publicaciones/2015_indc_ing.pdf

Mexico's INDC is typical of the most advanced developing country INDCs. These countries have strong existing climate policy and institutional frameworks, and have already identified many of the specific policies, programs and measures for the implementation of their INDC targets. All have previously put forward pledges under the Cancun Agreements. CCAP estimates that 9 of the 39 developing country INDCs reviewed are in this advanced category.

Support for Mexico's INDC conversion, as well as other countries in this category, may be most needed to help determine the actions for which the country will seek international financing, and those they will undertake unilaterally. Additional support may be needed for the preparation of specific proposals for funding, including to estimate the share of support to be requested and to design the financial mechanisms to be used to achieve the policy initiatives proposed.

Vietnam

Vietnam's INDC puts forward a target to reduce emissions by 8% relative to BAU in 2030, and proposes that a 25% reduction can be achieved conditional on support.

While Vietnam has made no formal commitments or pledges under the Cancun Agreements, the country's INDC builds largely on existing policies and incentives for energy efficiency and renewable energy generation, as well as forestry and land use policies. The INDC describes intended sectoral actions in broad terms, based on mitigation options developed and assessed using macroeconomic models. Key challenges identified in this process included some inconsistency in baselines.[6] The INDC does not specify a national system for GHG accounting and measurement, reporting and verification (MRV).

Vietnam's INDC is typical of the largest group of the 39 developing country INDCs reviewed in CCAP's analysis. The 16 countries in this category have put in place national climate change policies and strategies, and some have taken pledges under the Cancun Agreements. In general, they will need to further strengthen national policy frameworks, as well as further develop specific policy actions and measures to achieve INDC goals.

Moving forward, support for the conversion of INDCs in this category can enhance existing regulatory and incentive schemes, further specify new programs and measures, and assess costs and determine the level of support to request from international sources. Support can also help countries strengthen national GHG inventories and MRV systems.

[6] Vietnam Institute of Meteorology, Hydrology and Climate Change. "Existing processes and coordination among stakeholders for Viet Nam's INDC development," Dr. Tran Mai Kien. 29 June 2015.

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The Democratic Republic of Congo

The Democratic Republic of Congo (DRC) has pledged to reduce emissions by 17% from BAU by 2030. Announced as a high-level political commitment ahead of the formal submission, the government then assessed how this could be achieved, including prioritizing sectors, identifying specific sectoral actions, and calculating associated implementation costs. As the country's first economy-wide GHG reduction pledge, the plan marks the first delineation of possible national climate change policies and strategies. It also reflects the limitations of existing data on which to base assessments.

The DRC views the INDC as an opportunity to advance national priorities for sustainable development and poverty alleviation, as well as greenhouse gas reduction. International cooperation could support next steps, including developing and strengthening national policy frameworks for climate change, prioritizing policy actions based on economic and social factors, and enhancing data collection and analysis. With a target largely conditional on international cooperation, the country will likely also need support to define financial needs and host country contributions[7], as well as to identify sources of finance.

The DRC is typical of the 14 countries out of the 39 reviewed that are submitting their first comprehensive national pledges in the form of INDCs. These reflect significant new efforts by these countries which are deserving of international support to spell out further the policies and measures and the levels of support that will be needed to implement national goals for both mitigation and enhanced resilience.

These examples illustrate that countries will require different types and levels of support depending on how far along they are in initial INDC development as well as the conversion process. Some countries are essentially ready to start the process of mobilizing finance for programs in support of their INDC; others need to further define the specific sectoral policy actions and measures that will help them achieve their targets. For some, broader support will be needed to put in place policy frameworks and identify and assess policy options. In general, most countries will need support to design financial mechanisms to mobilize investment, assess costs and determine the level of financing to request from international sources.

The current landscape of support and cooperation for INDC conversion

There appears to be a growing consensus among Parties that existing UNFCCC institutions and other organizations can and should play a meaningful role in supporting the conversion of INDCs. A number of UNFCCC institutions, including the GCF, the Global Environment Facility (GEF) and the Climate Technology Centre and Network (CTCN), as well as multilateral development banks (MDBs) and bilateral donors that engage in climate finance, already possess many of the institutional structures and/or modalities consistent with the provision of such support.

[7] Although DRC lists its mitigation target as conditional, the submission indicates that a limited amount of the country's contribution will be funded with domestic resources.

From our review of INDCs, it seems clear that inclusion of provisions in the Paris text may be needed to give UN entities a clear mandate to take this work forward after Paris, in a way that aligns with their existing criteria and processes.

Financial Mechanism, Technology Mechanism, and other UNFCCC Institutions: Current Capacities and Future Opportunities to Support Conversion of INDCs

Green Climate Fund

The GCF is intended to support developing country efforts to limit or reduce their emissions and adapt to the impacts of climate change, with an emphasis on larger-scale, transformative projects and programs, and a Private Sector Facility that will help leverage private sector capital.

The Fund has established a readiness program to help countries effectively engage with the Fund and access its resources. A number of activities supported under the readiness program could facilitate the conversion of INDCs into financeable plans, in particular support for project preparation, and the development of country programs that identify priorities for GCF support and concrete actions to achieve them, building on existing strategies and plans, including INDCs.

At the 11th Board meeting in Livingstone, Zambia in November 2015, the Board approved the first eight funding proposals, which will receive US $168 million in initial support.[8] During the Board meeting and in discussions facilitated by CCAP on the margins of the meeting, there was broad agreement on the need to strengthen the pipeline of proposals to the Fund to ensure a sufficient demand for transformational funding at scale. In this respect, Board members agreed that enhanced support was needed to help countries develop ambitious, country-owned projects and programs that mobilize public and private investment. There was also a growing consensus that this support should respond to the goals and planned actions laid out in countries' INDCs.

Board decisions taken in Zambia reflect these discussions and offer an opportunity to strengthen the Fund's role in delivering support for INDC conversion.

Chief among these was the decision to establish a dedicated project preparation facility to finance the development of funding proposals to the GCF.[9] The Board also took action to enhance broader readiness support, releasing an additional US $14 million to the US $15 million previously earmarked for readiness activities, and agreeing to review the current US $1 million cap per country per year.

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[8] The Board agreed to allocate an additional US $195 million to the future phases of the Energy Efficiency Green Bond Programme in Latin America and the Caribbean, conditional on future approval by the Board.

[9] The project preparation facility will provide support for 10% of total request for program implementation or up to US $1.5 million per proposal. Support will be targeted to small-scale activities (>US $50 million in total project size) and direct access accredited entities (national and regional institutions in developing countries). The decision was ambiguous as to the full amount of funding to be committed to the facility, whether it will support both the development of concept notes and full GCF proposals or simply the latter, and when the facility will become operational.

Lastly, the Board approved terms of reference for the preparation of a Strategic Plan, which include an opportunity to look at the Fund's role in INDC conversion from a longer-term perspective. Submissions from Board members on the Strategic Plan considered at the Zambia meeting will form a key input to the plan. These emphasized a need for the development of comprehensive host-country plans and strategies and supported placing greater emphasis on these in making Fund programming decisions. Several submissions included explicit goals and indicators related to the delivery of support for the implementation of national climate change strategies and plans, including NAMAs, National Adaptation Programs of Actions (NAPAs) or National Adaption Plans (NAPs), and INDCs.[10]

While these decisions begin to address concerns from Board members about the need to strengthen the Fund's future pipeline, more can be done to broaden and expedite support to effectively facilitate the conversion of INDCs into financeable investment strategies. The new project preparation facility can prioritize support for requests that are clearly anchored in a country's contribution, and provide broader support for the development of policy frameworks, programmatic approaches, and long-term infrastructure plans that go beyond one-off investments to achieve transformational change in line with INDC goals. The Board should ensure the expedited launch of the project preparation facility and commit adequate resources in order to accelerate this kind of work soon after Paris.

In the case of readiness, the new commitment from the Board may still fall short of country requests for support, which the Secretariat has predicted will exceed the current US $29 million by the second half of 2016. The Board may therefore want to consider earmarking additional funds, as well as increasing the level of support available per country to allow countries to pursue a broader scope of work.

The Board agreed to consider the Strategic Plan in its informal session in early 2016. This could provide an early opportunity to clarify the Fund's role in supporting INDC conversion, the details of the new project preparation facility, as well as defining goals and indicators to measure delivery of such conversion support to developing countries.

While final decisions on all these key issues will rest with the GCF Board, the Paris decision text can provide some useful signals to the operating entities of the Financial Mechanism, other UN entities, and other Parties and organizations to promote the conversion of INDCs into on the ground action and financeable investment strategies, notably through the provision of support.

Global Environment Facility

The GEF provides grants for the implementation of climate change mitigation and adaptation projects and programs, as well as technical assistance and capacity building support for GHG measurement and forecasting of emissions.

[10] Submissions include those from South Africa and Egypt on behalf of the Africa Group, Germany, the United Kingdom, and a joint submission from Board members from small island states.

The GEF also supports broader capacity-building at the national level through the Country Support Program, which aims to help countries to define priorities for support and develop national strategies and plans, integrate GEF projects within national policy frameworks, improve stakeholder engagement and inter-ministerial coordination, and facilitate regional information-sharing. Grant-based support is also available for the development of projects and programs.

Recently, the GEF supported countries in the preparation of their INDCs as requested by the COP. However, there is a lack of clarity as to the role the GEF will be playing in their further development.

The GEF's strategy after Paris, including its potential role in supporting the operationalization of INDCs, will need to be considered in advance of the next replenishment cycle, and informed by the views of the COP. With the advent of the GCF as a principal source of support for climate change action post-Paris, it may be useful to ensure a distinct and complementary role for the GEF going forward. The GEF may be well-positioned to facilitate the conversion of INDC targets into national policy frameworks and implementation strategies, and to support related reporting on implementation and MRV, given its historical focus on national capacity building, technical assistance and reporting.

Technology Mechanism

The Climate Technology Centre and Network (CTCN) responds to requests from developing countries to deliver technical assistance through a global network of partner organizations, and works to increase access to information on climate-friendly technologies and foster collaboration. The CTCN has taken a fairly expansive definition of technology cooperation that extends to the "how to" of implementing policy change, including support for the development of policy and planning documents and implementation plans.

The UNFCCC provides Parties with financial and technical assistance to conduct a Technology Needs Assessment (TNA), which identifies mitigation and adaptation technology priorities, as well as addressing regulatory options, financial mechanisms and capacity building needs. Developing countries undertaking TNAs also develop Technology Action Plans to address barriers and prepare projects for technology implementation.

The CTCN's comprehensive support for technology transfer can help Parties identify, design, and integrate policy and technology elements into a cohesive strategy. A signal from the COP can promote a stronger link between CTCN's activities and INDCs. In addition, consideration should be given to whether the network includes the necessary members to support the development of finance-ready strategies, including the identification of viable options for financial mechanisms and incentive programs to accelerate the penetration of low-carbon technology. In addition, the Technology Needs Assessment process led by the Technology Executive Committee is currently under review, and could be enhanced to focus on an expedited assessment of technology needs to advance the implementation of their INDCs.

Work Stream 2

Work Stream 2 under the Ad Hoc Working Group on the Durban Platform for Enhanced Action (ADP) was designed to help close the gap between the aggregate effect of Parties' mitigation pledges by 2020 and an aggregate emissions pathway consistent with holding global temperatures below 1.5 or 2 degrees Celsius. Work Stream 2 has provided a valuable platform for knowledge-sharing and showcasing success, as well as capacity building through concrete discussions of policy, technology and financing options in specific sectoral policy areas such as renewable energy. At COP 20 in Lima in December 2014, the COP decided to extend the technical examination process in the 2015-2020 period, and requested the ADP to make recommendations at the COP 21 on how to take this work forward after Paris.

In Paris, consideration should be given to broadening the focus of Work Stream 2 to include not only pre-2020 measures, but also matters of relevance to Parties post-2020, such as planning of post-2020 policies, measures and financing schemes. Similar processes for the implementation of Paris Agreement commitments, once it enters into force, should also be considered.

Other sources of support

A growing number of institutions and programs provide climate finance readiness and preparatory support, such as the Climate Finance Readiness Program, funded by Germany, Czech Republic and the United States, Germany's International Climate Initiative, the foundation-funded Mitigation Action Plans and Scenarios (MAPS) program, the World Bank's Climate Investment Fund, CCAP's Mitigation Action Implementation Network (MAIN), as well as broader efforts at a number of multilateral banks that provide technical assistance alongside larger scale program investment.

Announcements in recent months herald significant new flows of bilateral and multilateral climate finance, including pledges for increased support from the UK, Germany, the European Commission, France, and China, as well as recent commitments to boost climate lending from the World Bank and other MDBs at a meeting of finance ministers in Lima in October.

Mobilizing Private Finance at Scale

The private sector is currently interested in the Paris outcome, and many investors are ready to make investments that will affect the transition to a low-carbon global economy. In order to capitalize on this interest, steps must be taken now to mobilize finance.

An immediate focus of international support can therefore aim to build the project pipeline and structure high-impact investments that provide the opportunities for financing at scale. In the short term, these opportunities will be greater in countries that are already far along in the INDC conversion process and have robust domestic institutions and enabling environments. Encouraging this process in these "finance-ready" countries can help build the global market for private, climate-friendly investment flows and encourage replication.

At the same time, promoting private investment in a broader set of countries will require developing policies and institutions to support low-carbon investment and build new markets. As part of the INDC conversion process, international support can help countries identify and address key areas for domestic action in this respect, including how to:

- Offer long-term policy certainty to enable large investments with long pay-back periods (e.g. renewable energy generation or low-carbon transportation infrastructure);
- Design incentive schemes such as feed-in-tariffs, rebates, and competitive tender processes that address high investment costs and risks;
- Remove barriers to low-carbon investment through regulatory approaches that level the playing field, including the elimination of fossil fuel subsidies;
- Promote the development of robust financial sectors with the capacity to understand and evaluate projects based on new technologies; and
- Develop a strong pipeline of low-carbon, finance-ready projects that will attract private capital.

As countries build project pipeline and put in place enabling environments, they can benefit from an increasing flow of investment from the private sector. At the UN Climate Summit in 2014, a coalition of private sector actors, including financial institutions, commercial and national banks, insurance companies and pension funds, pledged to mobilize more than $200 billion in climate finance by the end of 2015, and additional announcements are anticipated in Paris.

Conclusion and next steps

INDC conversion is needed. The adoption of comprehensive mitigation and adaptation targets by Parties lays the groundwork for an ambitious outcome in Paris. Many Parties indicate that they need support to achieve greater ambition than they can achieve on their own. Our review of INDCs from key developing country Parties reveals that many include information that signal country priorities and give a broad understanding of the intended path to reach their overall goals. However, in most cases, greater specificity is needed to turn pledges into specific policies and programs and finance-ready investment plans.

Needs for INDC conversion vary country by country. Countries will require different types of support depending on how far along they are in the conversion process. While some countries are essentially ready now to start the process of mobilizing finance for programs in support of their INDC, others will likely need more comprehensive support. In general, many countries will need support to design financial mechanisms to catalyze investment, to assess costs of programs and projects, and to determine the level of financing needed from international sources.

Support for INDC conversion exists and is growing. A number of institutions, both within and outside of UN auspices, provide financial, technology and capacity building support that could help countries at various stages of the INDC conversion process. Opportunities to enhance the provision of support for INDC conversion include:

In the case of the GCF:

- The GCF Board's recent decision to provide project preparation support can be tailored to assist developing countries in converting their INDCs into financeable investment strategies for GCF consideration. In addition to developing specific program proposals, this new initiative can provide broader support to help countries with the design and development of policy frameworks and long-term infrastructure plans which build strong project pipelines. Ensuring that the facility is well-funded and fully operational in 2016 can help maintain strong momentum for action after Paris.
- The existing GCF readiness program can complement the project preparation initiative by financing more "upstream" activities, including the development of concept notes and preparation of comprehensive country programs. The Board should consider committing additional funds to the readiness program and increasing the level of support available per country in order to facilitate this kind of work.
- The Paris COP is likely to mark an increasing commitment by the private sector to expand investment in climate protection and clean energy. In supporting the conversion of INDCs, the GCF's readiness and project preparation initiatives should place a priority on assisting countries in designing financial mechanisms within country projects and programs that can quickly turn those new private sector financial commitments into concrete results. The effective implementation of the Private Sector Facility of the GCF can also contribute significantly.
- As the GCF develops its Strategic Plan in early 2016, it can prioritize support for INDC conversion and implementation, and include goals and indicators for the Secretariat related to the delivery of that support on a timely basis.

In the case of other UNFCCC entities:

- Other entities can consider how they can support the INDC conversion process in light of their own strengths and processes. The GEF can look at how it might do so ahead of its next replenishment process, the CTCN can consider how to link its activities more closely to INDCs, and Parties can assess how Work Stream 2 can promote pre-2020 action for post-2020 ambition.

In the case of non-UNFCCC entities:

- As other sources of support, including many bilateral and multilateral contributors, step up their climate finance pledges, they can consider strengthening the provision of support for readiness activities and project preparation in support of developing country INDCs.

INDC conversion can help mobilize finance at scale. To capitalize on the current interest of the private sector, early support can focus on building pipelines and structuring investments in more "finance-ready" countries, which can attract private financiers and help establish a market for private investment in low-carbon solutions. Longer-term efforts can help all countries identify and address elements of their policy framework and investment environment that act as barriers to private flows, build a portfolio of projects, as well as strengthen the capacity of domestic private and public commercially-oriented institutions.

INDC conversion is not a post-2020 issue. With INDCs now on the table, there are strong signals from a variety of sources, including from the GCF, that these pledges will be met with support to turn these goals into concrete action. There is growing consensus that the process of INDC conversion should begin immediately in order to ensure implementation and achieve the promised level of ambition. Including specific provisions in the Paris decisions can ensure that the INDC conversion process is supported effectively and can help guide this work going forward. Decision text does not require ratification and takes effect immediately. In effect, the momentum of a Paris Agreement can be translated into speedy action on the ground.

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Annex: Analytical Findings

We looked at INDCs submitted by October 2 2015, and selected those from the 50 highest emitting Parties (with the EU counted as one due to the common INDC). Of those, we analyzed the 39 INDCs of the developing country Parties included in our top-50 sample, in order to focus on the state of play in conversion of INDCs into investment strategies for countries eligible for support under the Convention. The analysis examines information included in the 39 INDCs with respect to emissions projections, specificity of planned actions, clarity on unilateral versus supported actions, and financial information.

INDC Feature	Percentage	Number of INDCs
Emissions projections		
Includes a business-as-usual projection	67%	26
Includes a projection showing the expected impact of the INDC	36%	14
Sample: 39 developing country INDCs		
Specificity of planned actions		
Includes quantified expected sector-wide emissions reductions	23%	9
Includes specific planned measures	49%	19
Sample: 39 developing country INDCs		
Clarity on unilateral vs. supported actions		
Includes a unilateral economy-wide target and a target that can be achieved with support	49%	17
Provides a clear indication of which measures can be taken unilaterally vs. which require support	9%	3
Sample: 35 developing country INDCs from Parties seeking international support for implementation		
Specificity of financial information		
Indicates aggregate investment costs	46%	16
Indicates investment costs by sector or for specific measures	20%	7
Estimates the aggregate amount needed from international sources	14%	5
Estimates the amount needed from international sources by sector or for specific measures	6%	2
Sample: 35 developing country INDCs from Parties seeking international support for implementation		

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