HOW **CONTINGENT INTERNATIONAL CONTRIBUTIONS (CICs)** CAN ENHANCE CLIMATE AMBITION:

INTERNATIONAL COOPERATION TO ACHIEVE THE GOALS OF THE PARIS AGREEMENT

By: Peter Graham and Diana Movius, Climate Advisers

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Executive Summary

The world is falling dangerously short of the goals set by the international community in the 2015 Paris Agreement on climate change. While countries are doing more than they ever have, the pace of climate change is accelerating and we are failing to catch up. Collectively, countries' Nationally Determined Contributions (NDCs) are supposed to secure a future that limits mean global temperature increase to below 2°C relative to pre-industrial times while striving for 1.5°C. According to the UN Environment Emissions Gap Report 2018, cumulatively, current NDCs still lead to a world in 2100 with a mean warming of at least 3°C above pre-industrial levels.

The next time nations evaluate the adequacy of global action will be in 2023, in the so-called "global stocktake". By then, we must have demonstrated significant progress in our collective response to climate change. Yet, many major emitting countries currently lack the political will and/or capacity to meet this challenge, which suggests a cause for pessimism. At a time when increasing the pace of mitigation in higher-income countries is constrained by political and socio-economic circumstances, pragmatic solutions are needed.

In this paper, we suggest that practical and innovative application of the tools contained in the Paris Agreement can begin to address the ambition gap, and we offer a novel concept that could both increase ambition in NDCs and employ these tools: **the Contingent International Contribution (CIC)**.

- The CIC is essentially a supplementary international contribution – a commitment to achieve a defined quantity of emission reductions - that is contingent on the availability of international emissions reductions.
- The CIC clearly states the quantity of emissions reductions that the country intends to achieve through supporting climate change mitigation efforts in other countries.
- Countries could achieve their CIC by whatever means they choose, including through the Paris Agreement tools of cooperative approaches under Article 6 and international climate finance.
- They would follow all associated rules and guidelines (including avoidance of double counting).
- The CIC is intended to be supplemental to ambitious domestic climate action by developed countries and should not compromise a high level of ambition for unconditional climate action by developing countries.

Countries in a position to do so should include a CIC in their updated NDCs by 2020. Countries should begin the process of determining a specific, quantifiable amount of emissions reductions and/or removals they can generate through supporting climate change mitigation efforts in other countries.

Climate Ambition at a Crossroads

The world is falling dangerously short of the goals set by the international community in the 2015 Paris Agreement on climate change. While countries are doing more than they ever have, the pace of climate change is accelerating and we are failing to catch up.

Countries' own actions to reduce greenhouse gas (GHG) emissions lie at the heart of meeting the scientifically-determined global emissions trajectory to avoid catastrophic climate change. The primary tool of the Paris Agreement is the requirement for each country to submit a Nationally-Determined Contribution (NDC) – their international pledge to reduce greenhouse gas emissions. Collectively, these NDCs are supposed to secure a future that limits mean global temperature increase to below 2^{o}C relative to pre-industrial times while striving to keep global warming to 1.5^{o}C.

Key to the passage of the historic Paris Agreement was the tenet that all countries - developed and developing, lower-income and higher-income - contribute to addressing climate change. Such broad inclusivity is vital if we are to succeed in avoiding the worst impacts of global climate change. As of February 1, 2019, 182 countries - industrialized economies, emerging markets, and the world's poorest nations - have presented their NDCs.[1] While current NDCs represent a major step forward towards reducing global GHGs, total pledges still lead to a world in 2100 with a mean warming of at least 3^{o}C above pre-industrial levels. The 2018 UN Emissions Gap Report[2] and IPCC Special Report on 1.5^{o}C show that deep reductions—up to 50 percent less than 2017 global emissions – are needed by 2030 to avoid such a dangerous level of climate change.

Countries are due to submit updated NDCs by the end of 2020, which offers an opportunity for a course correction. The Paris Agreement requires countries to periodically update or enhance their NDCs, and a "global stocktake"[3] every 5 years allows countries to compare the cumulative expected mitigation of all NDCs with that needed to meet the Paris goals. By the next time nations evaluate the adequacy of global action in 2023 during the stocktake, they need to demonstrate a significantly improved global response to the climate challenge.

However, despite the strong scientific argument for urgent and significant increases in climate action, current socio-political and socio-economic circumstances in many major emitting countries suggest a cause for pessimism. Recent revisions to some NDCs indicate mixed signals: the World Resources

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[1] UNFCCC NDC Registry 2/1/2019. Available at: https://www4.unfccc.int/sites/ndcstaging/Pages/Home.aspx

[2] UN Emissions Gap Report 2018. Available at https://www.unenvironment.org/resources/emissions-gap-report-2018

[3] UNFCCC Global Stocktake. The process to "to periodically take stock of the implementation of the Paris Agreement and to assess collective progress towards achieving the purpose of the Agreement and its long-term goals." Accessed 25 January 2019. Available at: https://unfccc.int/topics/science/workstreams/global-stocktake-referred-to-in-article-14-of-the-paris-agreement

Institute found that a few countries have added some additional climate commitments to their NDCs while others have lessened theirs.[4] For a number of national governments, political circumstances and citizens' reactions to near-term effects of GHG regulations are presenting an unexpected challenge, as illustrated by the following developed country examples.

- **Canada.** Despite playing a strong role in international climate leadership since the 2015 Paris negotiations under a progressive government, Canada does not appear to be on track to meet its NDC target through domestic action alone. The Pan-Canadian Framework,[5] the mechanism through which the federal government plans to achieve its NDC, is currently threatened by the resistance of key provincial governments.[6,7]
- **France.** In late 2018, President Macron backed down on a proposed increase in fuel tax, an important component of France's climate change plan, as public resistance grew into large and occasionally violent demonstrations nationwide.[8] While discontent with the Macron government has been growing for some time across a range of issues, the fuel tax appears to have been the 'last straw'.
- **Germany**. Chancellor Angela Merkel, a climate champion in her own right, faces a weakened coalition government. Her diminished political capital calls into question her ability to ensure the success of her government's ambitious climate change plans and to push for greater collective ambition at the EU level.[9]
- **Netherlands.** Despite early ambition, slow and limited implementation of climate change policies[10] have led to a court decision forcing the government to cut emissions 25 percent from 1990 levels by 2020. While still hoping to meet this 2020 target, the Dutch government is fighting this ruling in their supreme court on the basis that it limits the government's freedom to make climate policy.[11]
- **United States of America.** With its announcement of its intent to withdraw from the Paris Agreement, the Trump Administration demonstrated the lack of political will at the federal level

[4] WRI, 2018. "What's Changing as Countries Turn INDCs into NDCs? 5 Early Insights". Available at: https://www.wri.org/blog/2018/04/insider-whats-changing-countries-turn-indcs-ndcs-5-early-insights

[5] The Pan-Canadian Framework is available at: https://www.canada.ca/en/services/environment/weather/climatechange/pan-canadian-framework.html

[6] Climate Action Tracker, Canada. Accessed 16 March 2019. Available at: https://climateactiontracker.org/countries/canada/

[7] Forrest, Maura. **"**Canada further from Paris targets than last year, new projections show". National Post, 20 December 2018. Available at: https://nationalpost.com/news/politics/canada-further-from-paris-targets-than-last-year-new-projections-show.

[8] Detrick, Hallie. "Violent Protests force Emmanuel Macron to Back Down on Fuel Tax". Fortune, 4 December 2018. Available at: http://fortune.com/2018/12/04/macron-fuel-tax-protests/

[9] Thalman, Ellen and Wettengel, Julian. "The story of 'Climate Chancellor' Angela Merkel". Clean Energy Wire. 1 November 2018. Available at: https://www.cleanenergywire.org/factsheets/making-climate-chancellor-angela-merkel

[10] Meijer, Bart. "Dutch need drastic measures to reach 2020 climate goals". Reuters, 1 January 2019. Available at: https://www.reuters.com/article/us-climatechange-netherlands/dutch-need-drastic-measures-to-reach-2020-climate-goals-idUSKCN1PJ15Y

[11] Darby, Megan. "Dutch government to appeal landmark climate ruling, again". Climate Change News, 19 November 2018. Available at: https://www.climatechangenews.com/2018/11/19/dutch-government-appeal-landmark-climate-ruling/

to help combat climate change. While progressive states,[12] cities, and companies[13] are taking responsibility for achieving their contributions to the U.S. NDC, these subnational efforts alone will not fully counteract the reversal of the Obama-era climate policies.[14]

These challenges, and similar social, economic and political constraints facing other countries, indicate that new ways of spurring ambitious climate action are needed. The risks to governments of investing in innovative, practical, and politically-feasible ways to enhance countries' NDCs must be considered against the high cost of failing to address climate change, for each country and globally.

The Paris Agreement Gives us the Tools to Increase Ambition: It's Time to Use Them

The good news is that the Paris Agreement gives us the tools to increase ambition. Now is the time to gain experience with these tools, to inform upcoming updates to NDCs.

1. Using and quantifying "Cooperative Approaches" under Article 6

In the 2020-2030 period, to close the gap between the trajectory indicated by current NDCs and the trajectory needed to achieve the Paris goals, all countries must increase domestic mitigation ambition and developed countries must spur additional mitigation in developing nations. Article 6 offers countries a framework for international cooperation – so-called "cooperative approaches" – to support the implementation of climate measures and increasing ambition of NDCs.

Such international cooperation on emissions reductions should have three main features:

- It should take the form of a specific contribution target for international mitigation within a country's NDC. This would be predominantly an option chosen by higher-income countries (e.g. OECD members), but not exclusively.
- It should be achieved according to the Paris Agreement's rules and guidance.
- It should be expressed as a quantified objective or target in terms of GHG emissions reductions in tonnes of carbon dioxide equivalent (tCO_2e).

While precursors to this approach are just beginning to emerge, the political landscape is missing the necessary scale and clarity of intent to engage in cooperative approaches. Many countries (100 out of 197)[15] have indicated in their NDCs an openness to using international market mechanisms. However,

[12] United States Climate Alliance. https://www.usclimatealliance.org/
[13] We Are Still In. https://www.wearestillin.com/
[14] Climate Action Tracker, USA. Available at: https://climateactiontracker.org/countries/usa/
[15] CAIT Climate Data Explorer. Accessed 25 January 2019. Available at: https://cait.wri.org/indc/#/

only a select few have put forth a quantified limit or target and have begun structuring these agreements: Japan and Switzerland, for example.

Both Japan and Switzerland have indicated their intent to use carbon credits from international mechanisms and have enacted domestic regulations and policies identifying a limit and target for the use of such mechanisms. Japan's Joint Crediting Mechanism, already well in place, will help achieve its NDC. To achieve Switzerland's goal of a 50 percent cut in emissions by 2030 (compared to 1990 levels), domestic legislation has specified that up to 20 percent of the 50 percent cut may be achieved through international reductions. Institutional arrangements have been set up to facilitate the regulated emitters' access to international emissions reduction credits.

Quantification (in tCO_2e) of a country's intention to use cooperative approaches to help achieve its NDC, through market-based or non-market approaches, is a critical element in the process of increasing ambition. This level of transparency ensures that the international mitigation efforts are included in the global stocktake. Quantifying international mitigation helps to realize the potential of international cooperative approaches under Article 6, and provides greater accountability and confidence when assessing progress towards achieving the Paris goals.

In addition, if a country establishes a **Contingent International Contribution (CIC)**, as presented further below, quantified emission reductions resulting from the use of cooperative approaches, including those that may generate internationally transferred mitigation outcomes (ITMOs), could count towards its achievement.

2. Improved Quantification of Climate Finance Outcomes

Climate finance plays a vital role in supporting climate actions in lower-income countries. In Article 9 of the Paris Agreement, developed countries agreed to provide financial resources to assist developing countries in their efforts to mitigate and to adapt to climate change. However, developing countries continue to express concern that the overall level of international climate finance falls short of the amount required to assist them in achieving their low-carbon development goals. To address this need, countries continue to seek to increase the mobilization of financial resources from a variety of sources, instruments and channels. Countries often announce the amount of climate finance that will be allocated from public sources to support mitigation and activities in developing countries, but we know little about the expected impact in terms of emissions reductions or removals.

To ensure accountability under the finance decisions in the Paris Agreement, countries will monitor these flows of climate finance. However, the monitoring process does not provide enough information, in terms of the expected GHG impact of climate finance, to inform the global stocktake. The Paris

Agreement encourages developing countries to provide information on their need for financial support and on financial support received, including the "expected use, impact and estimated results".[16] The guidance for developed countries providing the financial support, on the other hand, is less prescriptive with respect to the level of detailed information on expected results.[17]

The majority of climate finance commitments do not specify an ex-ante, quantified pledge to achieve a certain amount of emissions reductions (tCO2e) with those funds. Countries often announce the dollar amount of climate finance that will be allocated from public sources to support mitigation and activities in developing countries, but rarely specify the expected GHG impact. For example, the European Union, its Member States and the European Investment Bank reported a public climate finance contribution of EUR 20.4 billion in 2017, along with information on the thematic areas and programmes funded; however, they did not publish information on quantified mitigation outcomes.[18] Individual programmes may include emissions reductions as an indicator of success, but quantification of emissions reductions enabled by climate finance typically occurs in the ex-post evaluation of the success of a programme.

While climate finance may be used within the context of the framework of non-market-based approaches under Article 6.8, that framework is currently under construction through the UNFCCC negotiations process. Therefore, at this time, we cannot assume that future guidance for Article 6.8 will address the need for greater clarity on the expected and achieved mitigation results.

Quantification of international mitigation (in tCO_2e) planned and achieved with international climate finance would ensure that those emissions reductions are captured in the global stocktake. If a country establishes a **Contingent International Contribution (CIC)**, as presented below, quantified emission reductions resulting from international climate finance could count towards its achievement.

The Solution: The "Contingent International Contribution" (CIC)

As countries wrestle with the political and social challenges of accelerating domestic climate action, we need to explore ways to achieve more through international cooperation that presents a politically-palatable opportunity to increase a country's NDC. It is in this context that we propose a new structure to enable greater ambition in the next round of NDCs - a **Contingent International Contribution (CIC)**.

The CIC is essentially a supplementary international contribution – a commitment to achieve a defined quantity of emission reductions - that is contingent on the availability of international emissions

[16] UNFCCC 2018. Decision -/CMA.1. Modalities, procedures and guidelines for the transparency framework for action and support referred to in Article 13 of the Paris Agreement. Annex, Paragraph 134(n). Advanced Unedited Version.

[17] UNFCCC 2018. Decision -/CMA.1. Modalities, procedures and guidelines for the transparency framework for action and support referred to in Article 13 of the Paris Agreement. Annex, Paragraph 121(p). Advanced Unedited Version.

[18] European Commission. International Climate Finance. Available at: https://ec.europa.eu/clima/policies/international/finance_en

reductions. The CIC makes clear the quantity of emissions reductions that the country intends to achieve through supporting climate change mitigation efforts in other countries. The purpose of this concept is to identify a way for countries to respond to the science – the scale of ambition needed to achieve the collective Paris goals – that uses the tools of the Paris Agreement, and in a form that is acceptable domestically and internationally. The CIC is a component of an NDC, expressed in tCO_2e, that is contingent on the availability of international emissions reductions achieved through cooperative approaches under Article 6 and/or other financial support arrangements under Article 9. Countries could achieve their CIC by whatever means they choose, such as by establishing international mitigation partnerships using market-based or non-market approaches. The CIC would most likely be an option chosen by higher-income countries (e.g. OECD members) as a means of meeting a more ambitious NDC, but not exclusively.

1. The Concept of a "Contingent" Contribution

One way to make a quantified commitment to international mitigation more palatable for developed countries is to make it contingent on the supply of internationally-sourced reductions. Currently, national governments may be wary of making unconditional commitments to achieve emissions reductions abroad in the absence of established international mitigation partnerships or high volumes of available, transferable, and verified emissions reductions. While 100 countries have indicated that they may use international market mechanisms to help achieve their NDC, they do not offer sufficient detail on how they will pursue these mechanisms or how many internationally-sourced reductions they will seek. Our analysis indicates that higher income countries would be more willing to significantly increase their near-term NDCs, beyond constrained domestic-only ambition, by including a supplementary contribution that depends on the availability of international emissions reductions.

The concept of a "conditional" mitigation contribution within an NDC has thus far been presented solely by some lower-income countries; they specify the portion or component of their NDC that would be achieved if international finance (or support) is received, or other conditions are met. Almost 130 lower-income countries (including 'Least Developed Countries' and 'Economies in Transition') have submitted such conditional NDCs, of which 49 are entirely conditional on international support.[19] We are not proposing a formal relationship between CICs and NDCs that are conditional on the receipt of financial support. However, the prevalence of "conditional" components of NDCs indicates a willingness and interest to enter into partnerships; a CIC target could spur such partnerships in ways mutually beneficial for both parties.

[19] CAIT Climate Data Explorer. Accessed 25 January 2019. Available at: https://cait.wri.org/indc/#/

The contingency in the CIC differs from such a "conditional" NDC and is two-fold: it depends on (1) the establishment of bilateral or multilateral arrangements in accordance with Article 6 or other financial support arrangements under Article 9; and (2) the successful implementation of actions that result in increased emission reductions by sources or removals by sinks reported in the host country's national GHG inventory.

In addition to an increasingly ambitious domestic NDC, we believe such supplementary CICs would be an effective way to raise ambition while laying a foundation for the effective implementation of cooperative approaches under Article 6 and linking international climate finance to NDCs and the global stocktake. **In updating their NDCs for submission by 2020, Parties in a position to do so should include a CIC as part of their NDC, to quantify an increase in ambition that can be achieved through international collaboration.**

2. Elements and Benefits of a CIC

A **Contingent International Contribution (CIC)** would have the following characteristics:

- The CIC is a component of a country's NDC that increases ambition by investing in, or sourcing, a targeted amount of emissions reductions abroad.
- It specifies a quantity of emissions reductions that the country would achieve through climate change mitigation efforts in other countries, expressed in terms of GHG emissions reductions (tCO_2e).
- The CIC must be supplemental to high ambition for domestic action. It must not be an excuse for reducing domestic mitigation efforts.
- As a component of an NDC, a CIC would be communicated to the UNFCCC following the relevant modalities, procedures and guidance set out in the 'Paris rulebook'.
- The CIC would better enable the global stocktake to capture emissions reductions, both achieved and planned, through international cooperation.
- A CIC effectively sends a demand signal that could bolster political will and spur innovation to accelerate climate action in developing countries.
- A CIC can be paired with traditional development cooperation and technical assistance programs to enhance the likelihood of success of mitigation actions in developing countries.

Countries should begin the process of determining a specific, quantifiable amount of emissions reductions and/or removals they can achieve through climate change mitigation efforts in other countries. Closing the gap between the trajectory indicated by current NDCs and the one needed to achieve the Paris goals is vital. At this crucial crossroads, a CIC would form a first step toward achieving greater emissions reductions globally.

As with the conditional contributions identified by developing countries seeking international financial support, which arose without explicit UNFCCC guidance by the Parties to the Paris Agreement, **CICs do not require any explicit affirmation through UNFCCC decisions**. The rules and guidelines adopted by the UNFCCC COP24 (“the Paris Rulebook”), including for NDCs, finance and transparency, as well as future rules and guidance for operationalizing Article 6, will apply equally to CICs.

3. Determining the Size of a Contingent International Contribution

Determining the size and sectoral focus of a CIC is a domestic process but should be informed by science, ambition and the interests of international actors. Key factors would likely include:

- Expected post-2020 mitigation resulting from existing international climate finance and related programs;
- The degree to which market-based mechanisms would be used to achieve the CIC, including an understanding of what the expected supply and demand of international emissions credits will be;
- The current limits to increasing the pace of domestic emissions reductions;
- The potential to leverage or expand on existing bilateral or multilateral partnerships; and
- The potential to mobilize additional international climate finance through various means.
- Environmental integrity: Countries should ensure the CIC would have the same environmental integrity as the unconditional, domestic component of an NDC.
- Timing: While the timeframe for a CIC should be the same as the NDC, multi-year targets would provide greater clarity to potential partners or host countries.

Structural Options for Raising Ambition in NDCs

Currently, the primary tools employed for ambition in mitigation are domestic action, use of international market mechanisms and commitments to mobilize international climate finance. In Figure 1, we illustrate how the CIC can add serve as an important tool that complements existing ones. The graphic shows three structural elements that countries should consider in the process of updating their NDC: Domestic action, international market mechanisms, and a CIC.

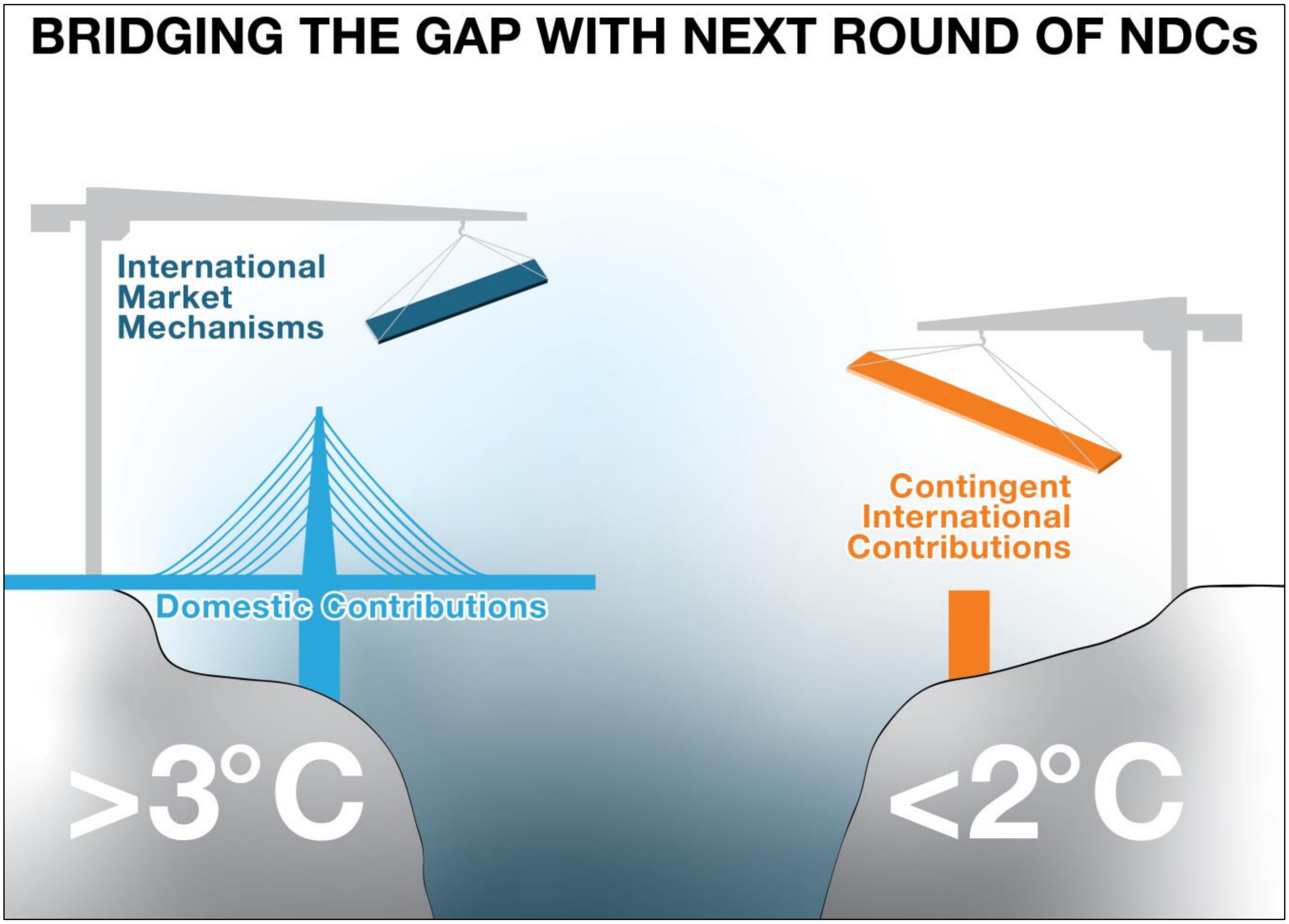

Figure 1. NDC Elements for Bridging the Gap to Achieving Paris Agreement Goals.

Next, we present four options for national governments to use these structural elements to express increased ambition in the next round of NDCs. Determining which option is best for a particular country will require consideration of:

- The country's current NDC;
- Economic cost and benefits;
- Sociopolitical limits to domestic reductions;
- Domestic demand (e.g. from regulated emitters) for flexibility mechanisms;
- The country's desire to contribute to the global effort to achieve the Paris goal; and
- Other considerations arising from national circumstances.

Option 1: Increased Domestic Pledge Only

Above all, nations should do as much as they can at home; to achieve net-zero emissions as soon as possible. NDCs should be updated to include enhanced domestic commitments wherever possible. Structurally, this is the simplest option and should be the ambition of all countries.

Countries that pursue the domestic-only pledge option should also improve the transparency of information on the expected or targeted volume of emissions reductions achieved with international climate finance. We know that even if all nations in a position to do so were to enhance domestic action, this still would not be enough. The growth in emissions in developing countries requires additional measures, including via climate finance and cooperative approaches. While international climate finance is expected to reduce developing country emissions, the absence of quantified mitigation targets (or projections) for this finance, within NDCs or in official reporting, limits our ability to assess progress towards the Paris goals.

Option 2. Increased Domestic Pledge with Link to International Market Mechanisms

A country can also increase its NDC by making use of international market mechanisms, consistent with Article 6 of the Paris Agreement, as a means to minimize economic cost. The use of international market mechanisms (or carbon markets) is generally seen as providing additional flexibility in how countries meet more ambitious emissions reduction targets. This presumes that the international emissions reductions can be acquired at a lower cost than additional domestic reductions.

- This option is likely to be considered by countries already interested in international market mechanisms.

- This is especially relevant for countries that have already instituted policies to allow regulated emitters to comply with emissions caps through the limited use of international emission reduction credits.

- This option **does not include a target for international emission reductions**, **but it does require a limit on the portion of domestic commitments that can be offset**, to ensure a transition to a decarbonized economy.

In the context of Figure 1, the structure of this option combines a domestic contribution with international market mechanisms to maximize ambition. It involves only one mitigation target within a country's NDC, the domestic contribution, but allows for a maximum portion of that target to be met through the purchase and transfer of eligible emission reduction credits generated abroad. The quantified contribution to international emissions reductions is commonly expressed as a percentage limit, rather than a tCO_2e target to be achieved.

Switzerland's current NDC, along with internal policy specifications is an example of this option.

- Switzerland has a goal of a 50 percent reduction in emissions by 2030, compared to 1990 levels, including through the use of international market mechanisms.
- Domestic legislation has specified that up to 20 percent of the 50 percent cut may be achieved through international reductions, and institutional arrangements have been set up to facilitate the regulated emitters' access to international emissions reduction credits.
- A question for Switzerland is the degree to which it is willing and able to increase its NDC while maintaining or increasing the percentage contribution limits to the use of international emission reductions.

The extent to which a country can justify offsetting domestic reductions is limited by the need to incentivize domestic decarbonization of the economy and by negative perceptions of 'off-shoring' responsibility for greater domestic reductions. As a result, while this option can enable a country to increase the mitigation ambition of its NDC, the political feasibility of significantly increasing the country's domestic contribution will effectively limit the scale of ambition.

Option 3. Increased Domestic Pledge with Separate International Pledge

This option addresses some of the limitations of Option 2 by combining in the NDC an increased domestic contribution and a CIC. As described earlier, the CIC would be a new component of an NDC, expressed in tonnes of carbon dioxide equivalent (tCO_2e), that is contingent on the availability of international emissions reductions achieved through cooperative approaches under Article 6 and/or other financial support arrangements under Article 9.

- This option **includes a target for international emission reductions**.
- This option is well-suited for countries who have already pledged to achieve their existing NDC purely domestically, without the use of international market mechanisms.
- For some countries, this option may offer a politically-feasible, if temporary, solution to meeting expectations to increase ambition in NDCs while facing domestic sociopolitical and/or economic challenges to significant acceleration of domestic climate action.
- A CIC allows a country in such circumstances to further increase its ambition by sourcing the reductions overseas. Such arrangements could support developing country partners in achieving and quantifying greater emissions reductions and accelerating progress in their low carbon development strategies.

- The CIC provides a demand signal to developing countries interested in engaging in cooperative approaches to help achieve and enhance their NDCs.
- The country announcing a CIC could choose, in the NDC or in accompanying policy, to specify its preferred form(s) of cooperation (market and/or non-market-based approaches) to achieve the CIC target.

The European Union (EU) represents a good example of a candidate for this option.

- Amending the EU's domestic contribution before 2020 is highly unlikely because of practical and political limitations. An EU CIC is an alternative approach, where the EU, on behalf of its Member States, make a contingent pledge to purchase or finance international emission reductions as a way to spur additional overall ambition.
- An EU CIC would allow individual member states to demonstrate more ambition, in line with the European Commission's goal of carbon-neutrality by 2050, without changing the internal caps and targets set by the Emissions Trading System (ETS) and Effort Sharing Regulation (ESR).
- The EU plans to end the use of international credits in the EU-Emissions Trading System (EU-ETS) after 2020.20 But, they indicate the potential for linking carbon markets in the future.
- A CIC is also an opportunity for the EU to test market-based approaches under the Paris Agreement, to give it additional confidence to reintroduce international market mechanisms in a future NDC.
- This structure could maintain a firewall between the CIC and the EU-ETS – preventing the import of international emissions reduction credits to the EU-ETS – as long as it is needed.
- The EU could also decide to use revenues generated from ETS allowance auctions to fund measures to achieve a CIC target.

Option 4: Combine All Three Structural Elements in an Enhanced NDC

Responding to the urgent call to action indicated by the IPCC Special Report on 1.5^{o}C suggests that countries should use a combination of all three of the structural elements illustrated in Figure 1, at least in the short term, to bridge the 'ambition gap'. This includes:

- An enhanced domestic contribution;
- A significant proportion of international mitigation allowed to support the enhanced NDC;
- And, a CIC.

This structure could be appropriate for countries who are:

- Are open to, or are already using, international market mechanisms to support the achievement of their domestic emissions reduction target.

[20] European Commission. Use of international credits. Available at: https://ec.europa.eu/clima/policies/ets/credits_en

- Are constrained, in the near term, by sociopolitical circumstances from increasing the domestic contribution target to a level in-line with their longer-term climate strategy or ambition.
- Have the capacity and political will to scale up the mobilization of climate finance and/or engage in cooperative approaches under Article 6 of the Paris Agreement.

For countries who already (or plan to) use emissions trading as a climate policy tool, the idea of increasing access to international mitigation raises a concern with the risk of market flooding and other market volatility or uncertainties common in nascent markets. Because it is separated from the domestic emission reduction target, adding a CIC is a way to control such risks as it prevents the direct import of international emissions reduction credits to domestic carbon markets.

This structure could be the response to the question raised in the example of Switzerland described above, where it may be very difficult to sufficiently increase its NDC using existing elements. The CIC presents the supplementary element that could quantify, in tCO_2e, their ambitions for increasing climate finance contributions, for example. The sum of the three elements would represent the solution to achieving the political commitment to raise ambition.

Other Considerations

The Paris Agreement already contains sufficient guidance and tools to begin implementing CICs. The cooperative approaches described in Article 6 include associated guidance (such as avoiding double counting). We note that additional guidance on the implementation of Article 6 remains under negotiation at the time of writing, and this uncertainty may be a consideration in assessing the means to achieve a CIC.

Some may interpret Article 5.2 of the Paris Agreement as a separate mechanism for international cooperation to reduce emissions from deforestation and forest degradation, and the role of conservation, sustainable management of forests and the enhancement of carbon stocks in developing countries (known as REDD+). However, it is the view of the authors[21] and others[22] that Article 6, and specifically 6.2 for market-based approaches, is the overarching system that also applies to REDD+ and therefore accommodates payments for, and any transfer of, the results of REDD+ actions.

Establishing international mitigation partnerships (commonly referred to as IMPs) would help countries achieve a CIC. These IMPs would need to specify, in the terms of the cooperative arrangement, how each

[21] Graham, Peter. "Cooperative Approaches for Supporting REDD+". 2017. Available at: https://www.climateadvisers.com/wp-content/uploads/2013/12/Linking-Art5-and-Art6-2.pdf

[22] Streck, et al. "Options for Enhancing REDD+ Collaboration in the Context of Article 6 of the Paris Agreement". 2017. Available at: https://climatefocus.com/publications/options-enhancing-redd-collaboration-context-article-6-paris-agreement

party would account for the emissions reductions or removals achieved through the partnership. The CIC could be achieved with or without a transfer of verified emissions reductions (ERs), but the country with the CIC would require some form of official recognition by the host country and a verifiable assurance that the same ERs would not also be claimed by, or assigned to, another party. In effect, even if the host country provided a certificate to the CIC country indicating the association with a volume of reductions reported in the host country's accounting to the UNFCCC, a system to prevent double-counting would still need to be in place. For example, if the governments of Brazil and Norway renewed their "Cooperation on reducing greenhouse gas emissions from deforestation and forest degradation"[23] for a post-2020 period, while the agreement does not allow for a transfer of ERs, it could allow Norway to credit the certificates of ERs towards a CIC in its updated NDC.

Conclusion

- Countries in a position to do so should include a **'contingent international contribution' (CIC)** in their updated NDCs, as a quantified target of additional ambition, beyond their domestic emissions reductions. The CIC would specify the quantity of emissions reductions that the country intends to achieve through supporting climate change mitigation efforts in other countries, expressed in terms of GHG emissions reductions (tCO_2e).
- Countries could achieve their CIC by whatever means they choose. They would use key Paris Agreement tools including cooperative approaches described in Article 6 of the Paris Agreement, and/or international climate finance, and follow all associated rules and guidelines (including avoidance of double counting).
- The CIC is intended to be supplemental to ambitious domestic climate action by developed countries. It should also not compromise a high level of ambition for unconditional climate action by developing countries.

[23] Ministry of Climate and Environment, Norway. "Brazil". 4 December 2018. Available at: https://www.regjeringen.no/en/topics/climate-and-environment/climate/climate-and-forest-initiative/kos-innsikt/brazil-and-the-amazon-fund/id734166/