International Climate Change Policy after Paris

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Nationally Determined Contributions Types: post Paris Transparency Framework

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What is Transparency?

"Transparency is about shedding light on rules, plans, processes and actions…" (*Transparency International*)

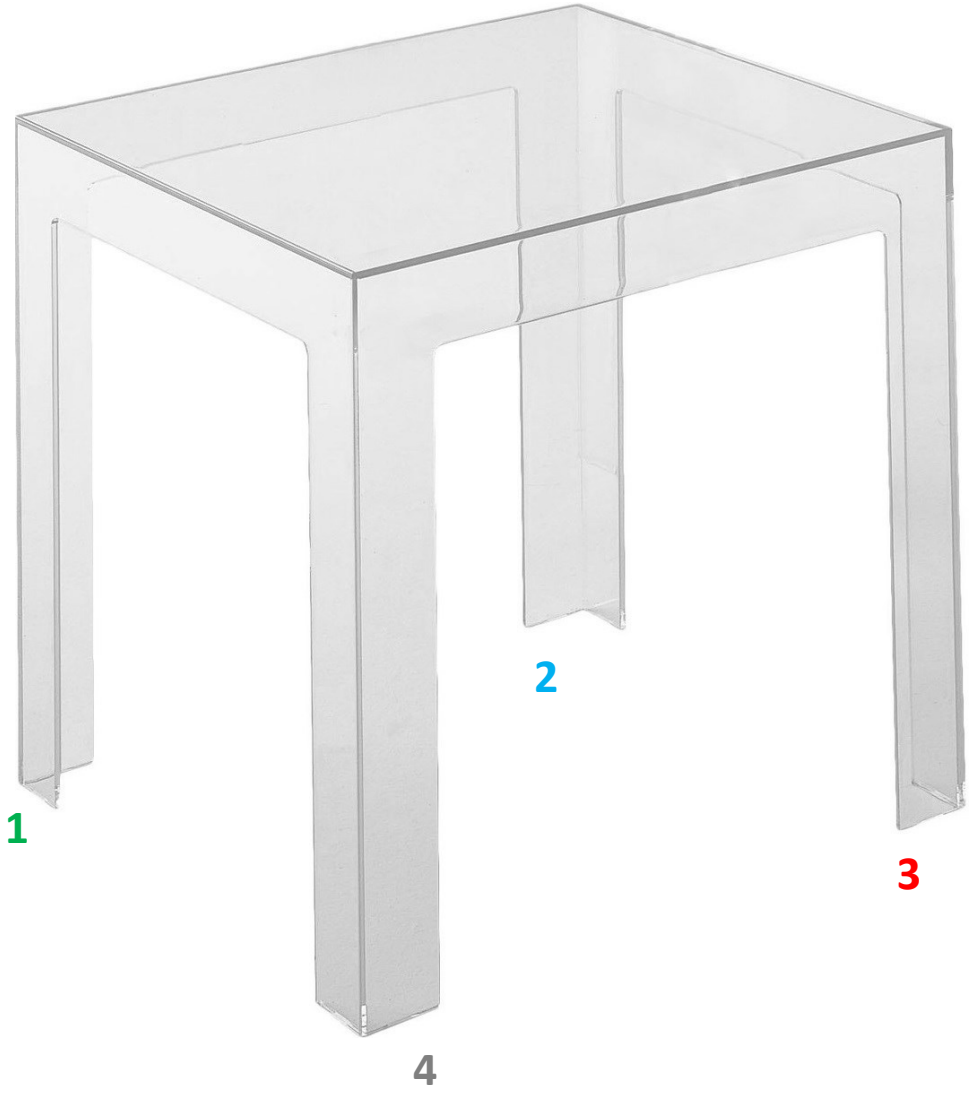
Why is it important?

1) Comparison among countries (build trust and avoid free riding effects)

2) Calculation of collective GHG emissions´ reduction

Are all INDC/NDC types "made equal" in terms of transparency? Ideas for the future of this discussion

Four main issues on NDC´s metrics for a Post Paris “Transparent” Negotiation Table



1. An increasing number of "words" related to Transparency have been introduced in COPs´ documents

COP 19 (decision 1, point 2b)): submit INDC "in a manner that facilitates the *clarity*, *transparency* and *understanding* of the intended contributions,…".

COP20 adds point 14 Lima Call for Climate Action: the INDC "may include, … *quantifiable information on the reference point (including, as appropriate, a base year), time frames and/or periods for implementation, scope and coverage, planning processes, assumptions and methodological approaches*…".

COP21 Paris Agreement (art 4, but also art. 13 establishes a broad "transparency framework for action and support").

13.3: fulfillment of transparency will be implemented *"in a facilitative, non-intrusive, non-punitive manner, respectful of national sovereignty, and avoid placing undue burden on Parties"*;

13.7: provisions for technical expert reviews of the information provided;

13.13: adoption of transparency procedures (COP shall "at its first session, … adopt *common modalities, procedures and guidelines, as appropriate, for the transparency of action and support*.").

Includes all, not only NDCs.

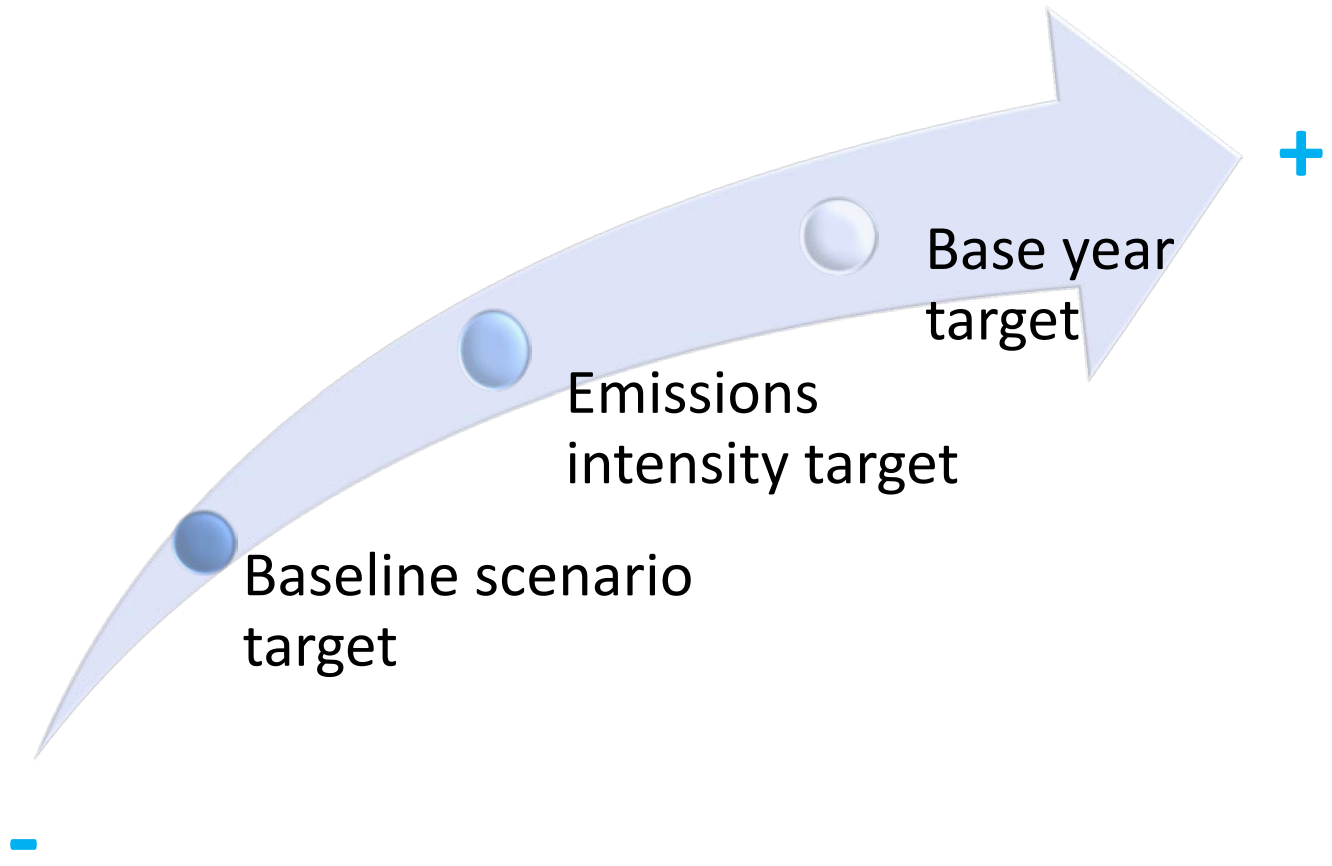
2. In theory, the different forms of INDCs/NDCs could be made equivalent if all surrounding information was known and provided.

Type of GHG target	Concept	Formula for expected emissions at the target final year	Key Information
Base year emissions target	Reduce emissions by a quantified amount relative to a base year (in the past)	$E_T^{BY} = (1 - \lambda^{BY}) \cdot \overline{E_B}$	Base year emissions $(\overline{E_B})$ % reduction (λ^{BY})
Baseline scenario target	Reduce emissions by a quantified amount relative to a BAU (future) scenario	$E_T^{EI} = (1 - \lambda^{EI}) \cdot E_T^{BAU}$	Projected Emissions at the target year (E_T^{BAU}) % reduction (λ^{EI})
Base year Emissions Intensity target	Reduce emissions intensity by a specified amount with respect to a base (past) year	$E_T^{BS} = (1 - \lambda^{BS}) \cdot \overline{I_B} \cdot GDP_T$	Base year emissions´ intensity $(\overline{I_B})$ GDP at the target year (GDP_T) % reduction (λ^{BS})

Source: Own elaboration.
Note: B, T, BY, BS, EI denote base year, target year, base year target, baseline scenario target, and emissions´ intensity target.

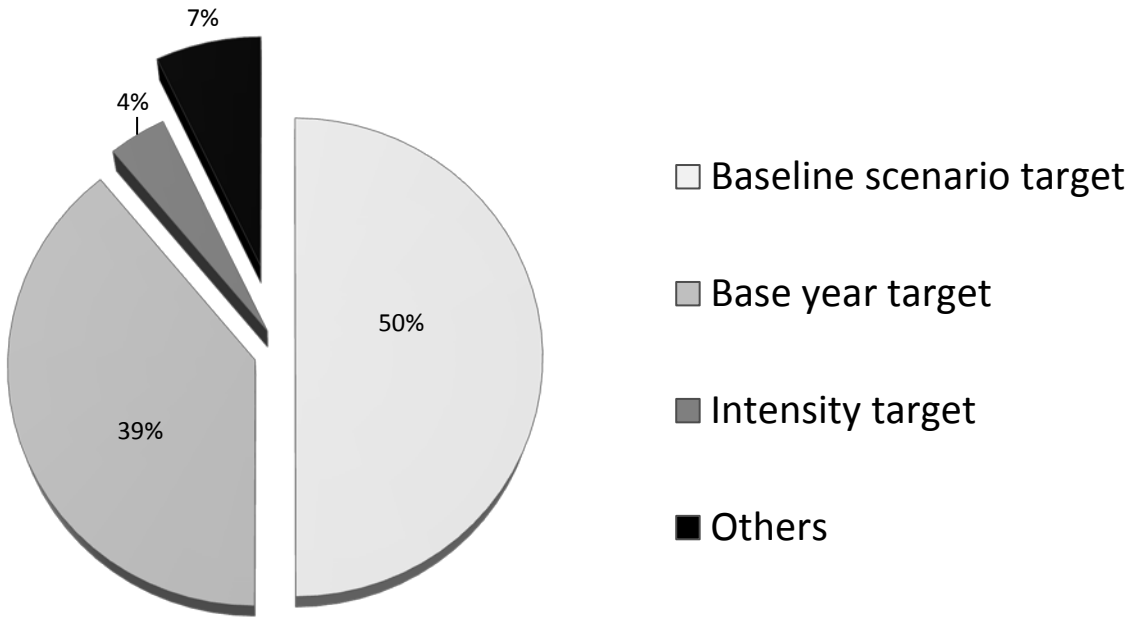
But, that is not possible for all metrics.

→ The degree of Transparency is associated with the target type



3. A few Stylized facts regarding countries´ GHG target choice

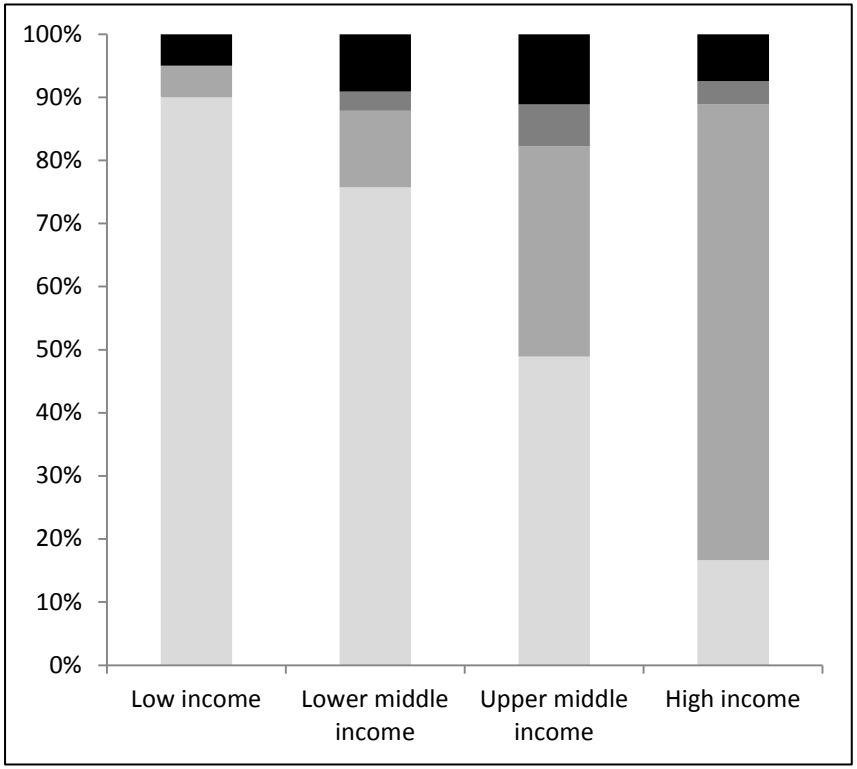
The “less transparent” INDCs/NDCs are presented by the larger number of countries

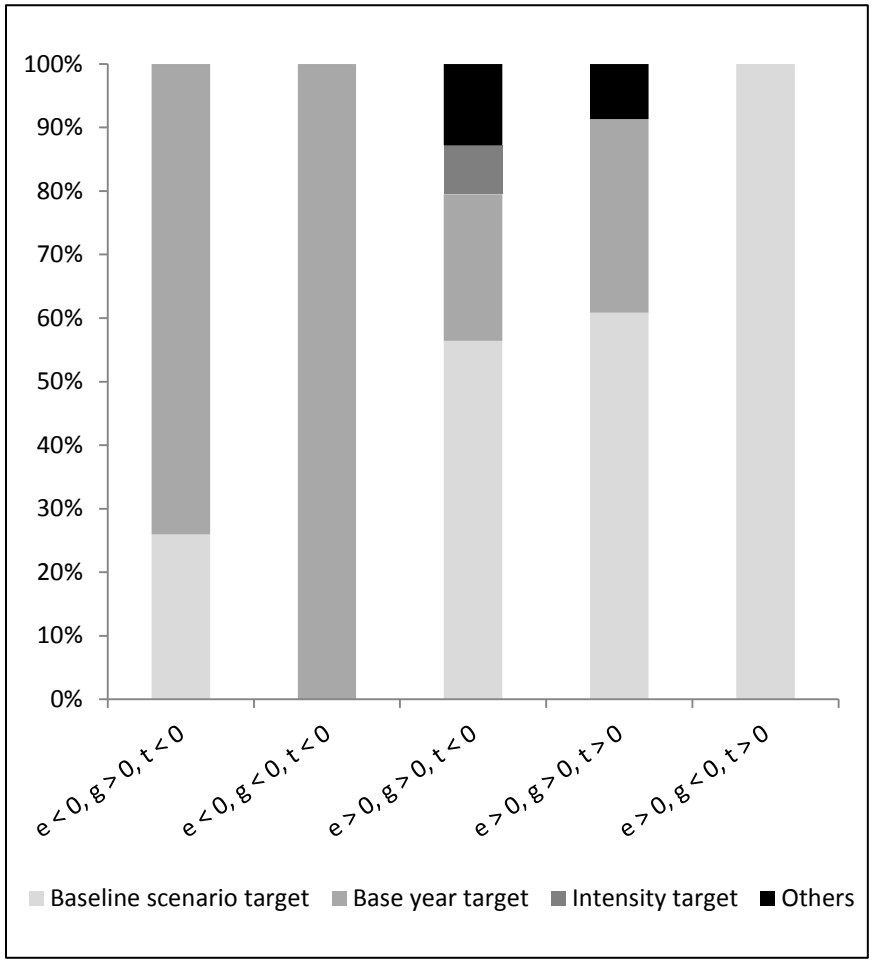


Source: Own calculations based on countries GHG targets (n= 154) as classified in WRI INDC´s compilation (http://cait.wri.org/indc/).

Countries with lower income levels choose more baseline scenario targets.

Countries with increasing emissions choose more baseline scenario targets.





Source: Own calculations based on GHG targets as classified in WRI INDC´s compilation combined with data from the World Bank Development Indicators Database.
Note: Six countries do not have GDP estimation for 2012, and that information is absent for emissions of seven nations. e, g and t denote emissions, GDP and emissions intensity cumulative annual growth rate 2000-2012 respectively.

4. It is *important to distinguish transparency from certainty*: E^{BAU}_T and GDP_T can be transparent or not, but they cannot be certain.

Metrics “Transparency” and “Certainty” rankings go hand-to-hand, but obey to different reasons.

What makes countries to choose opaque and uncertain emissions´ levels for the future? At least four possible explanations:

- The need for flexibility to ensure continuous economic growth;
- To have room for negotiation if stricter rules are imposed in the future;
- The be politically correct (countries who choose the less transparent metrics are mostly those that have increased their emissions in the last decade, so a base year target would imply a compromise to an increase in emissions);
- Simply, free ride!

Conclusions

1. “Words” do not (yet) match “facts” in terms of NDCs Transparency

2. Targets´ types, even if theoretically can yield the same level of ambition, are quite different in terms of opacity and uncertainty.

3. Are there “straightforward” incentives to preclude opaque practices in the choice of NDCs metrics? Yes, making procedures for reporting more strict.

4. Are there “straightforward” incentives to preclude types of metrics that are highly uncertain? Not easy. May be with compensations. In that case, all NDCs should have a common simple base year metric.