

A DYNAMIC CONTRIBUTION CYCLE

SEQUENCING CONTRIBUTIONS IN THE 2015 PARIS AGREEMENT

Concept Note^{*}

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1. Introduction

1.1. Background

It is clear that contributions by Parties under the Paris Agreement will be “nationally determined” and inscribed in accordance with the provisions of the Agreement. Moreover, initially Parties are meant to provide nationally determined contribution figures which are “intended”, that is to say in some way provisional (potentially up for revision) and meant to be finalised through a process which is to take into account the (combined and/or individual¹) adequacy of the proposed Intended Nationally Determined Contributions (INDCs). What is not clear is how exactly this process is meant to work, and in particular, what procedures and actors are to be involved.

The “Dynamic Contribution Cycle” (DCC) proposed here was developed by the developing country participants of the 2014 ecbi Oxford Fellowships and Seminar² and involves reviews of what has been achieved, and assessments of what countries intend to do in a manner that avoids certain key political constraints and controversies, including:

- what might be called “political lock-in”, given by some governments finding it very difficult to change figures, particularly near-term ones, once they have been published for inscription. In many countries, such figures will have been approved at the highest political and/or parliamentary levels, which renders revisions almost impossible; and
- differences in the views on how long a cycle should be in order to give (i) sufficient policy stability to global climate governance, (ii) predictability for the private sector, and (iii) assurance on enabling contributions for others, whilst at the same time not locking-in low ambition for longer periods of time, and allowing Parties to take into consideration the latest available scientific knowledge.

The DCC proposed in this Concept Note is to show a way forward to address these constraints and controversies, without prejudice to the settlement in the negotiations of certain related potentially contentious issues such as differentiation, or the nature, scope and granularity of reviews and assessments.

1.2. Structure and scope of the Note

Section 2 introduces “The Main Cycle” as the key idea of the DCC proposal. In that context it is important to highlight that the focus of this Note is on procedural issues, in particular on the sequencing of the multilateral processes involved in the communication, consideration and inscription of (intended) nationally determined contributions. It thus deliberately leaves open the issue of what sort of contributions (e.g. mitigation, finance, adaptation etc.) might be involved, with the understanding that they could all procedurally be dealt with through variations of the proposed DCC idea.

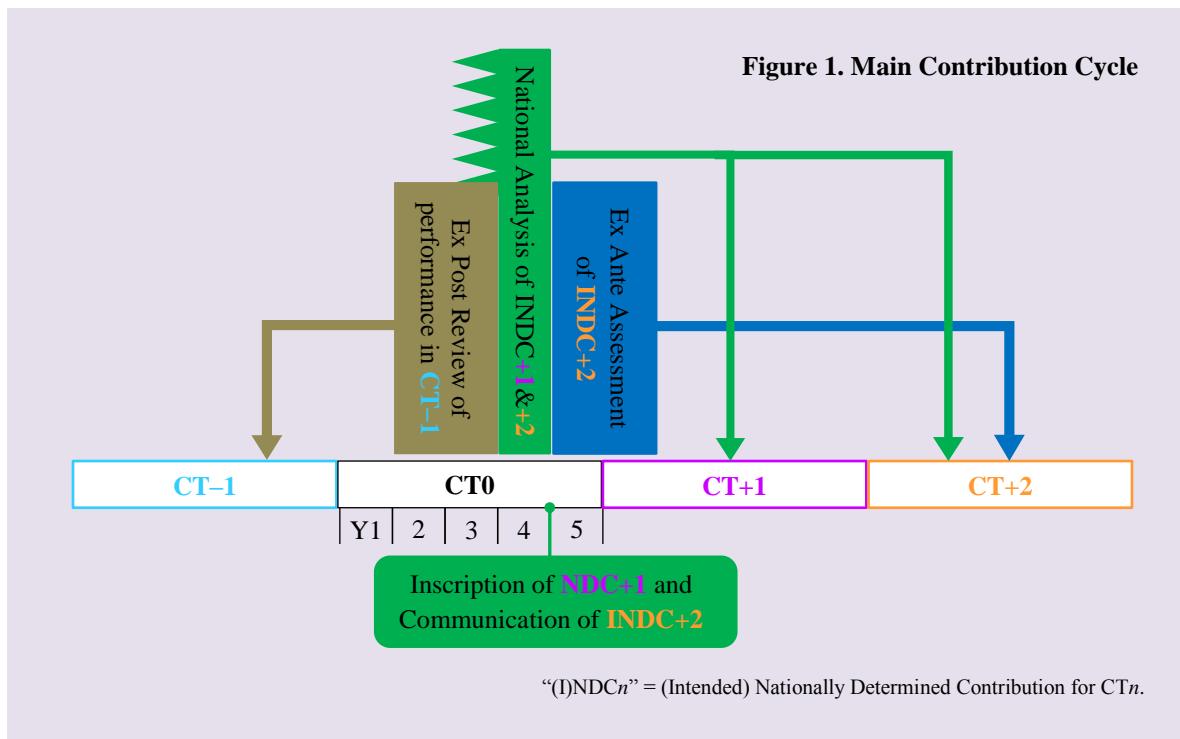
Moreover, as concerns these procedural elements of the DCC, the paper focuses purely on those processes with (potential) international involvement, such as the *Ex-Post Reviews* (EPRs) (Section 3) and the *Ex-Ante Assessments* (EAAs) (Section 4). It will thus, in particular, not discuss the national analyses referred to in Section 2, as they are meant to be solely nationally determined.

Section 3 then turns to the “start-up” phase, that is, the period between now and the end of the first full “Contribution Term”. The final Section summarises the results and explains how the proposed DCC is meant to be able to address the above mentioned key obstacles.

2. The Main Cycle

The proposed ***Dynamic Contribution Cycle*** (DCC) is a five-year cycle of three phases: ***Ex-Post Reviews***, ***National Analyses***, and ***Ex-Ante Assessments***, leading to periodic ***communications*** of intended contributions and ***inscriptions*** of contributions (see Box 1 below). The DCC is based on five year Contribution Terms, which it overlaps. Consider the situation illustrated in Figure 1, where “CT0” designates the “current” Contribution Term:

- [1] The DCC begins in the second year (Y2) of CT0 with a two-year Ex-Post Review (cf. Section 3) of the implementation performance over the previous contribution term (CT-1) (with the first year set aside for the CT-1 data collection).
- [2] At the same time, countries initiate three National Analyses, to be finalized in year four, namely an analysis of:
 - (i) The performance of national implementation in order to reach inscribed current (CT0) contribution and what additional measures should be put in place;
 - (ii) the previously communicated INDCs regarding the following Contribution Term (CT+1) for the purpose of nationally determining the contribution to be inscribed³ for that term at the end of year four (Y4); and
 - (iii) the INDCs regarding the subsequent Contribution Term (CT+2), for communication also at the end of Y4.
- [3] During the final two years of the DCC – covering the last year of CT0 (Y5) and the first year of CT+1 – an Ex-Ante Assessment of these CT+2 INDCs is carried out (see Section 4).



Box 1. Communication versus Inscription

Communication is envisaged to be a year before the commencement of the EAA, and is seen as a formal submission of intended contributions to the UNFCCC Secretariat in a format that would have been agreed by Parties, however without prejudice to what the Party will finally inscribe under the UNFCCC system. This data is used to compile a picture of the aggregate effort communicated.

Inscription is the process by which a Party formalises the communication of its contribution/s for a Contribution Term. This is meant to have a legal standing in terms of expected implementation by a Party, and forms the basis against which performance will be reviewed in the EPR. The procedure for inscription will be defined by Parties depending on the legal nature of the contribution. Inscription, in other words, is the submission of the final, nationally determined contribution for the Contribution Term in question. As such, the figures inscribed are firm, and not subject to any further revision.

3. Processes

Turning to the discussion of the two “international” phases of the DCC, i.e. the Ex-Post Reviews (EPRs) and the Ex-Ante Assessments (EAAs), it is important to keep in mind that *the sequencing on its own*, as described here, *is an important “stand alone” idea* that has its advantages regardless of how one thinks these processes should be carried out. While the authors do have some very clear preferences, *this Note is not meant to propose a particular type of EPR or EAA* which is why the following two sections are purely descriptive, and simply indicate some of the options that could be chosen by the Parties.

3.1. Ex Post Reviews

EPRs are reviews of the implementation in the preceding Contribution Term, i.e. CT-1 in Fig. 1. They could refer to global implementation, implementation by groups of Parties, or by individual Parties. They could also involve different forms of consultations, such as technical-prescriptive, technical-informative, political or a combination of such formulations.

In the case of a global aggregate review, the purpose could be to review performance against global objectives – such as “2°C” or “\$100bn”, etc. – in respect of mitigation, adaptation, and provision of support, with the agreed periodic Review starting on 2013-15 potentially being the platform. For individual reviews, the EPRs could be based on technical and scientific approaches that benchmark required effort and indicate an expected corresponding contribution by Parties or on the existing UNFCCC [International Assessment and Review](#) (IAR) and [International Consultations and Analysis](#) (ICA) processes.

It would also make sense to harmonise existing review cycles – such as the adequacy Review of the long term global goal,⁴ the reviews of the Financial Mechanism, and Assessments of the Intergovernmental Panel on Climate Change (IPCC) and existing reporting requirements under the Convention in the National Communications (NatComms) and the Biennial Reports (BRs) and Biennial Update Reports (BURs) – with the DCC in general and the EPRs in particular.

The EPR output could be a Report, submitted to the SBI with the aim of providing Parties with information for the subsequent national analyses. It could also be a core input of a potential compliance mechanism to be included in the Paris Agreement. Parties could also be requested to

provide information as to how the information provided in the EPR of CT-1 was used in their national determination of the NDC for CT+1, and the INDC for CT+2 when these figures are inscribed/communicated.

3.2. *Ex Ante Assessments*

EAAAs are two-year assessments that commence in the final year of the “current” Contribution Term (CT0 in Fig. 1) and which assess the INDCs for the Contribution Term after the next one (i.e. for CT+2) that Parties communicated at the end of the previous year. The purpose of the EAAs is to ***provide the Parties with information for the national analysis*** (carried out during CT+1) in order to “firm up” the NDC for CT+2.

The options discussed in the context of the EPRs apply equally to EAAs. Thus they could be used to assess the global pathway implied by the communicated INDCs and what additional efforts are necessary based on the latest scientific information. They could also be used to assess the equity/fairness of the proposed INDCs.

The EAA output could be communicated to the respective focal points, as it can be seen as a multi-lateral input to the previously communicated contribution for CT+2, as such inform the national analysis.

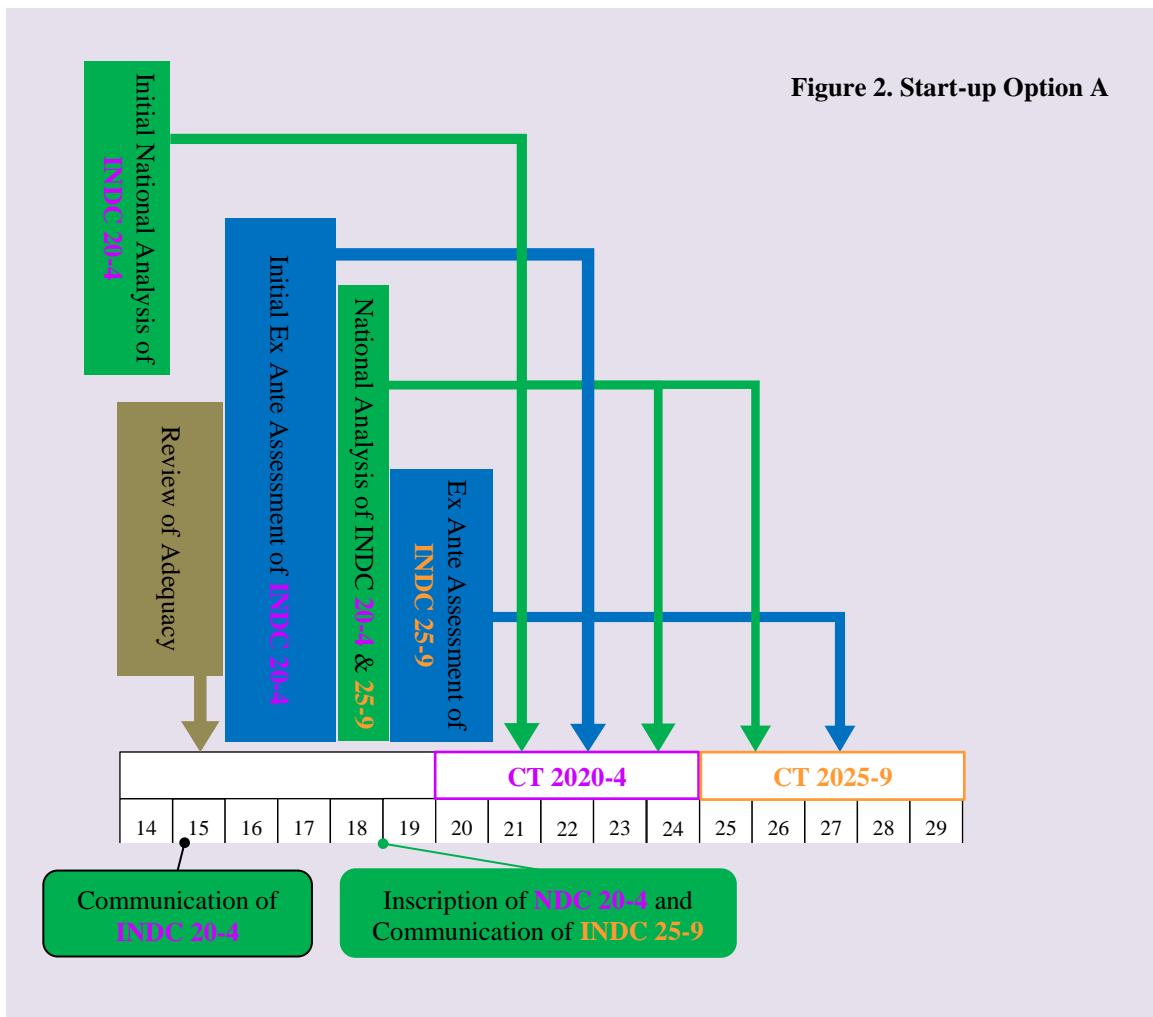
4. The Start-up Phase

The initial Contribution Term 2020-2024 can be approached in different ways, particularly with respect to the involvement of initial EPRs or EAAs. For the purposes of this Concept Note, consider two options, keeping in mind not only that there could be other ones, but also that they could be used simultaneously, as part of some country differentiation.

4.1. *Option A: Inscription of first-term NDCs with initial EPR and EAA*

This option, illustrated in Fig. 2, is characterised by an initial Ex-Post Review of the current situation (2014) and an initial Ex-Ante Assessment of the INDCs for 2020-24, as communicated in early 2015 (both possibly with a simplified initial methodology):

- [A.1] Initial national analysis leading to the communication of the INDCs for 2020-24 in early 2015.
- [A.2] **2015:** Finalizing of the Review of Adequacy. **2016-17:** Initial Ex-ante Assessment of the communicated INDCs for 2020-24.
- [A.3] **2018:** Second national analysis, taking into account the outcomes of [A.2] of the initially communicated INDCs for 20-24, and national analysis of INDCs for 25-29. Inscription of NDCs for 20-24 and communication of INDCs for 25-29 by the end of the year (or the beginning of 2019).
- [A.4] **2019-21:** Full Ex-Ante Assessment of INDCs for 25-29.



Option A has an important variant that deserves to be highlighted: The same process would take place, with both communication *and* *inscription* of INDCs 20-4 in 2015, while the initial (methodologically lighter) Ex-Ante Assessment of these INDCs also takes place during 2015 itself.

This variant implies modifications of step A.2 and A.3 described above, as follows:

- [A.2 variant] **2015:** Finalizing of the Review of Adequacy *and* the Initial Ex-ante Assessment of the communicated INDCs for 2020-24, and their inscription before or in Paris.
- [A.3 variant] **2018:** Second national analysis, taking into account the outcomes of [A.2] of the initially inscribed INDCs for 20-24, and national analysis of INDCs for 25-29. Communication of INDCs for 25-29 by the end of the year (or the beginning of 2019).

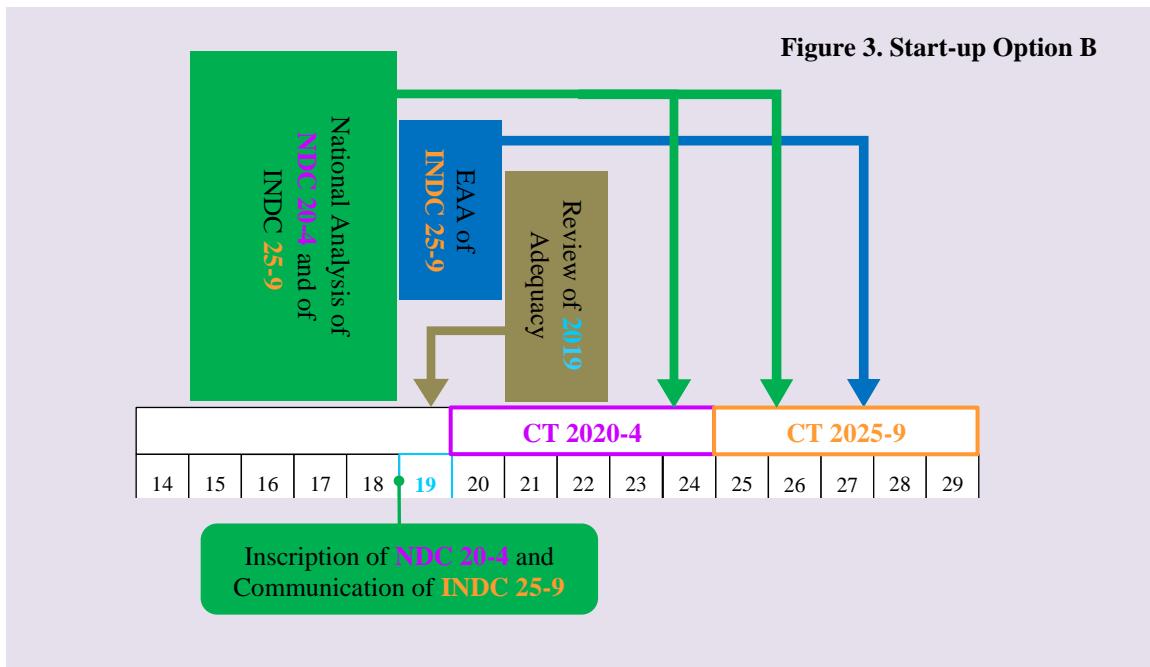
Under this variant, the methodology for the Ex Ante Assessment of subsequent cycles could be defined in detail and enhanced during 2016-17.

4.2. Option B: Inscription of first-term NDCs without initial EPR or EAA

The second option (see Figure 3) would be to wait with Reviews and Assessments until 2018, by which time the methodologies would be taken as fully established.

- [B.1] National Analysis of NDCs for 20-24 and of INDCs 25-29, leading to an inscription of the former and a communication of latter by the end of 2018.
- [B.2] **2019-20:** Full Ex-Ante Assessment of INFCs for 25-29 (as in [3],Section 2)
- [B.3] **2021-22:** Review of 2019 Adequacy .

Option A has the advantage of an initial review and assessment to inform the national determination of the contribution to be inscribed for the first Contribution Term 2020-24. However, not all countries may be capable to follow that time table, simply because of time constraints. This is where Option B could be envisaged in the context of some form of country differentiation.



5. Summary

The proposed DCC addresses all the key obstacles referred to in the introduction. It not only accommodates the fact that once contributions are inscribed, they are in many cases politically “locked-in”, but it does so without jeopardizing the possibility of assessments and reviews giving science-based guidance to the national determination of ambition. It also provides shorter-term predictability through the inscription of the following five year term contributions with a medium term indication how the regime is going to evolve (thus avoiding being caught by surprise every five years).

The proposed DCC differs fundamentally from the idea of longer-term, say ten-year contribution periods with 'mid-term reviews':

- (i) If the ten-year contributions are inscribed from the outset, then they are likely to remain as they are, mid-term review or not, because such an inscription would very likely be based on a comprehensive domestic planning exercise and probably involve some regulations and legislation established in order to achieve the inscribed figure. Moreover, a single (ten-year) term procedure would give considerable less confidence to the private sector that another term would follow, as witnessed by the Kyoto Protocol experience with all the claims that it would "expire" in 2012.
- (ii) If a second contribution for the following term is only inscribed after a midterm review, then there is also considerably less shorter-term predictability than under the proposed DCC.

The DCC, in short, is compatible with the planning horizons in many countries while also giving some medium-term science-based assurance as to where the regime is moving, which is of particular importance for certain key climate relevant private sector investments, and it also allows for an integration of scientific considerations and enhanced mid-term ambitions, if required.

Endnotes

¹ "Combined adequacy" here refers to whether the sum total of the proposed INDCs is sufficiently ambitious for the purposes of the Agreement. "Individual adequacy", by contrast, refers to whether individual INDCs are sufficiently equitable.

² www.eurocapacity.org/public/chronicle.shtml

³ Inscription here means the communication of the final, nationally determined contribution for the contribution term in question. As such, the figures inscribed are firm, and not subject to revision

⁴ "Decides to periodically review the adequacy of the long-term global goal referred to in paragraph 4 above, in the light of the ultimate objective of the Convention, and overall progress towards achieving it, in accordance with the relevant principles and provisions of the Convention"[\[Paragraph 138, Decision 1/CP.16\]](#)