Creating Space for Ambition in the Paris Rule Book

A 'Common Time Frames' focussed case study on how the process can help or hinder overall NDC ambition

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by Benito Müller

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1. Executive Summary

Before one can meaningfully argue about advantages and disadvantages of common time frames, one needs to clarify what 'common time frames' one is referring to. In the context of NDCs there are essentially two types of possible interpretations of that phrase: a material one, and a procedural one.

The material interpretation is about time intervals associated with the NDCs – to be precise, about ***target periods*** and ***implementation periods***. The procedural interpretation is about ***timetables*** for the processes of communicating and updating NDCs. A harmonisation of either type might have beneficial effects on NDC ambition through a harmonisation. But following an initial conceptual analysis (Section 3) this Brief, as indicated in the sub-title, is focussed on the procedural aspects.

In Section 4 begins by highlighting some of the problems with the NDC communication and updating process, as currently defined in §§ 23 and 24 of Decision 1/CP.21. It also summarises the advantages, for enhancing NDC ambition, of combining the two paragraphs into a common procedural time frame that has become known as the ***Dynamic Contribution Cycle***. In practical terms, such a combination could be achieved in very simple terms, namely by:

- *Requesting* ***all Parties in 2025 to update their 2030 NDC and communicate an indicative 2035 NDC***, and to do so every five years thereafter.

Section 5 considers the views by Parties and Observer Organisations on the *"on common time frames for NDCs ... including on, but not limited to, the usefulness of and options for common time frames and the advantages and disadvantages of those options, for consideration at SBI 48."*[SBI 47 conclusions]. After an explanatory discussion in Section 5 of the four options for common time frames put forward in these submissions, the Brief turns in Section 6 to analyse and reflect on a number of concerns that were raised in these submissions with regards to (1) the lack of a proper ambition mechanism, (2) target periods, (3) implementation periods, and (4) timetables.

The overall conclusion is that the rolling '5 + indicative 5' cycle with synchronised updating of the Dynamic Contribution Cycle which, as reflected in the submissions, has been receiving traction, is by far the best procedural bet for enhancing collective NDC ambition.

2. Introduction & Background

At COP 21 in Paris (2015), it was agreed that the Conference of the Parties serving as the Meeting of the Parties to the Paris Agreement (CMA) "*shall consider common time frames for nationally determined contributions at its first session*"[Art. 4.10]. In Marrakech, the year after, the CMA agreed to refer the matter to the Subsidiary Body for Implementation (SBI) which, in 2017 in Bonn (SBI 47), "*invited Parties and observers to submit, by 31 March 2018, their views on common time frames for NDCs ... including on, but not limited to, the usefulness of and options for common time frames and the advantages and disadvantages of those options, for consideration at SBI 48 (April–May 2018)*"[SBI 47 conclusions].

But what exactly are 'common time frames' for NDCs? While there is little doubt that the communality in question refers to NDCs and thus to Parties of the Paris Agreement, it is not self-evident what exactly the term 'time frame' refers to. So, it may be most fruitful to begin by looking at the options for (common) time frames, in order to be able to proceed with evaluating their usefulness in a meaningful manner.

3. What Time Frames?

3.1. Evidence

(a) *The Paris Outcome*

The Paris Agreement mentions to 'time frames' just once, namely in Art. 4.10, which refers to "*time frames for NDCs*".

Decision 1/CP.21, in paras. 23 and 24, refers to NDCs containing time frames up to a certain end year (2025 and 2030, respectively). Paragraph 27 specifies that Parties may wish to include information with regards to "*time frames and/or periods for implementation*" in communicating their NDCs.

(b) *Article 6 Negotiations*

The notion of 'time frames' is not explicitly referred to in the current Art. 6 negotiations – as reflected in the Informal Notes by the co-chairs of negotiations on SBSTA agenda item 11. However, there are a couple of concepts that are being used that could be relevant.

In particular, the guidance elements for the use of Internationally Transferred Mitigation Outcomes (ITMOs) towards an NDC distinguish between "*single year NDCs*" and "*multi-year NDCs*". In the context of the former, there is a reference to an "*NDC target year*" and both cases refer to "the NDC *implementation period*".

(c) *Submission by Parties*

Submissions by Parties, listed in Appendix 4 will be cross-referenced with '[S…]' throughout this brief. At this point, the focus is on what Parties in their submissions understand by 'common time frames'.

Target Period

India [S08] "'Common time frame' essentially means the target period of NDCs"

Period of Implementation

AILAC [S01] "AILAC calls for "timeframes" – understood as "periods of implementation" – to be considered by the CMA in light of the Paris Agreement's ambition architecture and its ability to deliver on its long-term goals."

LDC Group [S11] "The LDC Group proposes a dynamic NDC cycle of 5+5 years in which Parties communicate a 5-year NDC for an upcoming 5-year implementation period and simultaneously provide a subsequent indicative NDC for the following 5-year implementation period."

Bangladesh [S13] "In common sense as well as in accordance with paragraph 27 of decision 1/CP.21, time frames for NDCs means periods for implementation of NDCs."

It is desirable to have a single common time frame and/or period for implementation – for clarity, transparency and understanding; to understand the aggregate effects of NDCs; for consistency in market mechanisms, and several other reasons. South Africa is of the view that a 'common' period of implementation means a single time frame.

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Time Table

Indonesia [S02] "Taking into consideration different timeframes on the submitted NDCs, Indonesia proposes to having a common timeframe of 1 January 2021 as a starting point for implementing NDCs"

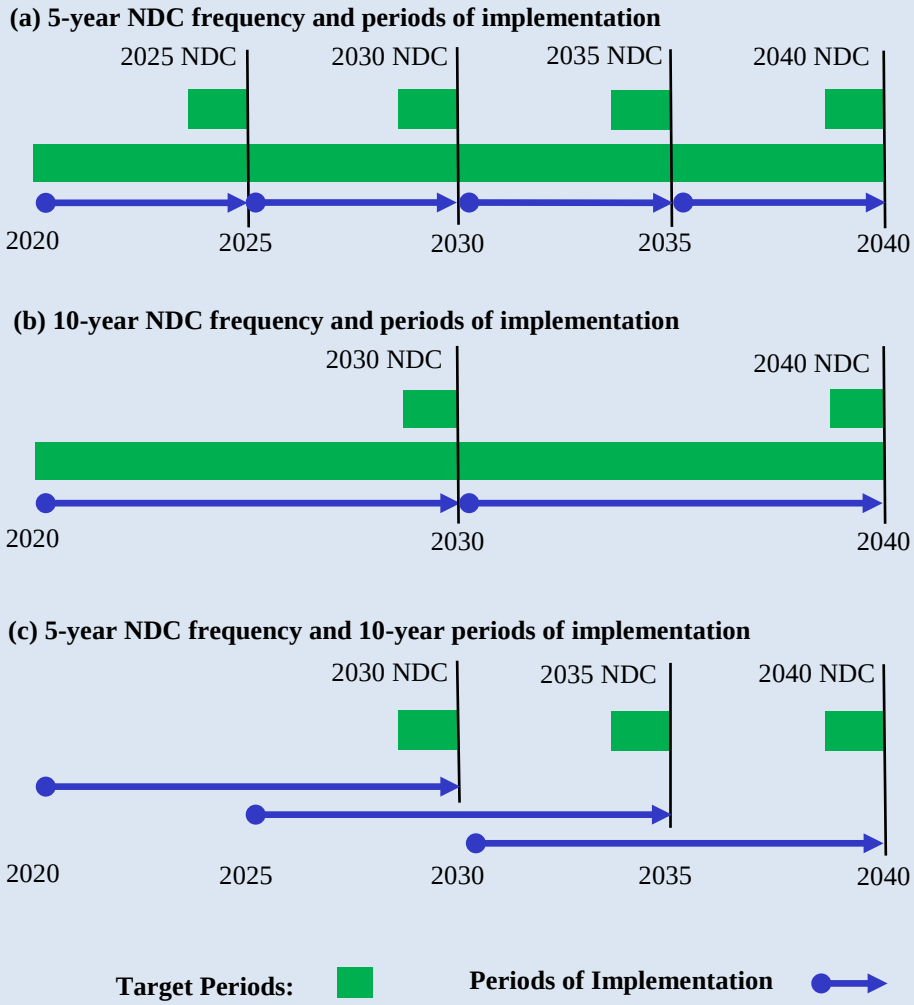
Brazil [S06] "As NDCs are to be successive, the lack of common time frames would result in a cumulative problem: NDCs with end points further from the year of communication would be prepared further detached from the GSTs. Longer time frames thus undermine the potential for impact of the GSTs in informing, every 5 years, enhanced ambition of future efforts, thus undermining the effectiveness of the agreement itself and the usefulness of future editions of the GST. Potentially, longer time frames may lead to questioning the 5-year periodicity of the GST mandated in the Agreement."

Trinidad & Tabago and Belize [S14] "Given paragraphs 23 and 24 of Decision 1/CP.21, this dynamic NDC cycle could be brought about by simply *requesting all Parties in 2025 to update their 2030 NDC and communicate an indicative 2035 NDC, and to do so every five years thereafter*."

3.2. Conceptual Analysis

So, let us turn to analyse the possible meaning of the phrase 'time frame' and its relation to the other concepts in this context (as mentioned above).

Figure 1. Target Periods, NDC Frequency and Periods of Implementation



(a) *Target Periods*

As mentioned in 2.1.b above, the Art. 6 discourse distinguishes between single-year and multi-year NDCs. The fact that there is a reference to a 'target year' in the case of the former suggests that the reference is actually to the duration of an NDC target period. No reference was made to an analogue of 'target year' in the case of multi-year NDCs, but it stands to reason that we are talking about a continuous (multi-year) time period, with a ***beginning*** and an ***end*** (time/date), as with the Kyoto Protocol's commitment periods. To be sure, in principle there is nothing preventing Parties from adopting NDCs with 'point (in time) targets', for instance by reference to renewable capacity installed at the stroke of midnight on 31

December 2025. Hence 'target time frame' might be more appropriate than 'target period', but given that the former is already in use,[1] and so as not to pre-judge what we mean by 'time frame', we shall keep with the established practice and continue to use 'target period'.

(b) *Implementation Periods*

The notion of an 'implementation period', or more descriptively of a 'period for implementation', is used in the Paris Outcome as an alternative to 'time frames'. So, the assumption is that NDCs can have time frames and/or periods of implementation. What else can we gauge from the discourse used in the negotiations about what these implementation periods are and, in particular, how they relate to target periods?

For one, the juxtaposition of "*time frames and/or periods of implementation*" in para. 27 (1/CP.21) suggests that 'time frames' is referring to target periods, because some NDCs do not actually have targets. The best place to look for evidence with regard to the relationship between target and implementation periods is probably the negotiations on Art. 6. For example, given that the Art. 6 guidance elements refer to implementation periods of NDCs with a definite description ("*the* NDC implementation period"), it can be argued that while an NDC can have several distinct targets, it only has one continuous period of implementation, with a single beginning and end date.

(c) *NDC Frequency*

The key feature of NDC target periods is their end-point (year). They are not only commonly used to identify the NDCs, as illustrated in Figure 1, but they also coincide for obvious reasons with the end-points of the relevant periods of implementation. While there are no formal restrictions on how these end-points are to be temporally distributed, the implicit assumption seems to be that they have a five- or ten-year periodicity, starting in 2025 or 2030, respectively. In order not having to introduce yet another 'period', let us refer to these patterns loosely as 5-year and 10-year NDC 'frequency'.[1]

It is important to highlight in this context that, as illustrated in Figure 1, there are wide variety of possible combinations of target periods, periods of implementation and NDC frequencies

Fig 1.a illustrates the use of five-year- and one-year ('point') target periods in the context of 5-year periods of implementation and NDC frequency. Fig. 1.b does the same in the context of 10-year periods of implementation and NDC frequency. Fig. 1.c, finally illustrates the important point that NDC frequencies need not coincide with periods of implementation. In particular, it is possible to have 10-year implementation periods in the context of a 5-year NDC frequency (which is important in the context of certain concerns that have been raised, see Section 6.3 below)

Moreover, there seems to be consensus in the Art. 6 negotiations that implementation periods not only end with their targets, but that they begin after the end of the preceding target period. Indeed, in practice, only the following options are recognised: implementation periods

[1] This is a loose usage of the term in the sense that in the strict (physical) sense it refers to number of occurrences per unit of time.

coincide with their target periods, which can be either five or ten years long (Figure 1.a-b), or in the case of 'single-year NDCs' the one-year target period coincides with the final year of the respective implementation period (Figure 1.c-d).

(d) ***Timetables***

Up to this point, we have discussed *material* interpretations of the 'time frame' concept as used in the 'common time frame' debate, namely three types of periods of time associated with NDCs: target periods, implementation periods and the periods between successive end-points (NDC frequency). However, the notion of a 'time frame' also has procedural interpretations, and to be more precise, it can refer to what is commonly known as 'timetables' – defined by the OED as "*plan*[s] *of times at which events are scheduled to take place, especially towards a particular end*."

The Paris Agreement introduces a number of periodical processes to do with NDCs, including periodic ***communications*** and ***stocktakes*** which are often collectively referred to as the Agreement's '***ambition mechanism***'. Both the processes mentioned not only run on a common timetable, insofar as communications of NDCs are scheduled to take place at the same time for all Parties, as are the stocktakes, but they are also synchronised, in that both are on a five-year cycle. However, not everything is, as yet, fixed.

The Paris Agreement, for example, requires Parties (Art. 4.9) to "*communicate an NDC every five years in accordance with Decision 1/CP.21*", which itself stipulates (§ 25) that NDCs are to be submitted "*at least 9 to 12 months in advance of the relevant session of the* [CMA]." However, neither the Agreement nor the Decision says anything as to when this cycle is meant to start.

This lacuna is exactly what the Indonesian submission is meant to fill, by stipulating that the first NDC implementation period for all Parties should start on 1 January 2021. Accordingly, the first 'relevant COP' would be COP 26 in November 2020, with subsequent communications in 2025, 2030, etc. Note in this context that, while the Indonesian submission talks about a starting point for implementing NDCs, it is not about having a common implementation period, but about a ***common timetable for NDC communications***.

4. Common NDC Timetables

4.1. The two tracks of the NDC communication process

The NDC communication process of the Paris Agreement runs along two parallel tracks, defined in the following paragraphs of Decision 1/CP.21:

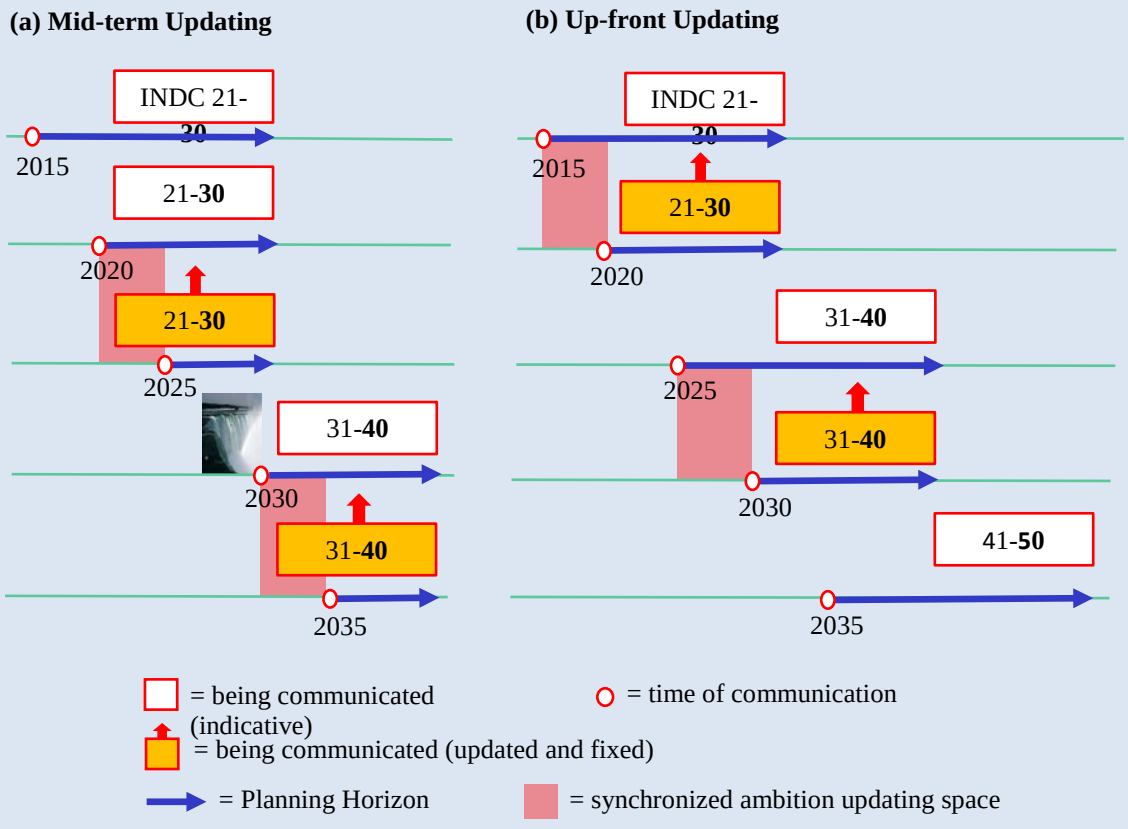
§ 23. *Requests* those Parties whose INDC … contains a time frame up to 2025 to ***communicate*** by 2020 ***a new*** nationally determined contribution and to do so every five years thereafter …;

§ 24. *Also requests* those Parties whose INDC … contains a time frame up to 2030 to ***communicate or update*** by 2020 these contributions and to do so every five years thereafter …;

Both paragraphs refer to 'time frames' and in both cases, the reference clearly involves a material interpretation of the phrase, namely to the end-points of INDC target periods/periods of implementation. Yet, as in the case of the initial Indonesian submission [S02] (see Section 3.1.c), the paragraphs are really procedural instructions about timetables for communicating and updating.

In other words, each of the two paragraphs defines an NDC communication and/or updating timetable pertaining to Parties that are identified by reference to the end-point of their INDCs. The 'common time frame' question in this context, is therefore about *the usefulness of, and*

Figure 2. § 24 Communication & Updating Cycles



options for, combining the two timetables and the advantages and disadvantages of those options, to paraphrase the SBI 47 conclusion (see Section 2).

The OCP/ecbi Options Note [L7][2] on the review and communication cycles of the Paris ambition mechanism analyses the options of not only combining these two timetables, but also of the leeway given in either paragraph for interpretation by the relevant Parties: the fact is that the two paragraphs fail to specify a common timetable, even for Parties with the same INDC end points.

To illustrate the variety of options and arising issues, consider two possible operationalisations of § 24, as illustrated in Figure 2, one with 'mid-term' updating, the other with 'up-front' updating.

Thus, consider a Party X with an INDC ending in 2030. What options does X have in light of § 24? In order to simplify the answer, let us not only follow the consensus among the submissions and assume, that the X's initial NDC target period starts on 1 January 2021, but also that it would keep to the 10-year 'time frames' (target period/period of implementation end points), neither of which being guaranteed by § 24.

(a) § 24 'mid-term' updating

2020. Given that X will already have communicated a 2030 INDC, it will in 2020 have a choice between fixing it as its 2030 NDC or starting its communication cycle with an update.[3] Assume that the former is chosen, as depicted in Figure 2.a. This means that in 2020, the relevant stakeholders have a fixed medium-term (ten-year) planning horizon.

2025. According to § 24, the next slot in X's communication/updating timetable is 2025, by which time it is meant to 'communicate or update' its NDC. In light of X's 2020 choice, this means the choice between communicating the next (2040) NDC, or updating the concurrent (2030) one. Assume the latter option, that is a 'mid-term' (i.e. 'mid-implementation/target period') update, is chosen. There would then be a lock-in of (hopefully) an enhanced 2030 ambition, which at that time will deliver a short-term (five-year) planning horizon.

2030. Given the choices made in 2020 and 2025, X really only has one option in 2030, namely to communicate the next, i.e. 2031-40 NDC. While this will again provide a medium-term planning horizon, it would do so under 'cliff-edge' conditions – that is to say that between 2025 and 2030, the publicly available planning horizon could decrease to a single year[4].

2035. re-start as in 2025.

[2] '[L…]' represent cross-references to the Literature List in Appendix 1.
[3] The fact that the latter option exists clearly illustrates that the § 24 cycle has no common timetable where everyone subject to it does the same thing at the same time
[4] According to § 25 Decision 1/CP.21, (see Appendix 3) Parties have to submit their NDCs at least 9 in advance of the relevant session of the CMA, which means that these may not be available until January of the year of communication.

(b) § 24 'up-front' updating

2020. If in 2020, X decides to communicate an updated INDC as its initial NDC, then as illustrated in Fig. 2.b, there will again be a medium-term planning horizon, but with an enhanced ambition (compared to the mid-term updating scenario).

2025. While X could carry out a second mid-term update of its initial NDC at this stage, under an 'up-front' updating scenario, it would instead be communicating a new 2031-40 NDC, thus providing a long-term (15 year) planning horizon.

2030. Under the up-front updating scenario, the time has now come to update the 2031-40 NDC.[5]

2035. re-start as in 2025.

These two ways of operationalising the § 24 process instructions reveal a number of positive and problematic features that need to be kept in mind in the debate on common time frames, in the sense of common timetables.

(c) Ambition Spaces

Both operationalisations have the advantage of providing '***ambition spaces***', that is an environment that enables Parties to collectively maximise their ambition.

As stated in the most recent Brazilian submission, "Parties will only be in a position to consider progressively enhancing their efforts if they have assurances that other Parties will also consider enhancing theirs." [S06] In the absence of such assurances, Parties can at best adopt what might be called '***maximum unilateral ambitions***', that is to say ambition levels that can be domestically defended if one assumes that the ambition of others will, at best, be lack-lustre. In the absence of an assurance that others will also be doing their fair share, it would be courageous to take a leap of faith and adopt a level of ambition that, if the others are not following, will be regarded by some domestic stakeholders as putting them in a competitive disadvantage. What is needed to overcome this obstacle to maximum ambition is a space where the relevant stakeholders can discuss their ambition intentions and negotiate with and cajole each other to ratchet up their ambitions in a manner which is regarded as sufficiently fair by all concerned.

The first prerequisite for this to happen is that one knows about each other's ambition intentions. The second prerequisite is sufficient time not only to ratchet up the ambitions, but also to be able to take into account any unforeseen change of national circumstances that could justify an ambition increase. In both of these operationalisation, NDCs are communicated five years before they are updated, which should provide a sufficient space to allow for a collective ambition enhancement. However, there are still a couple of factors that impede a collective ambition ***maximisation***.

For one, the process only works if one is talking about 'the same ambition,' meaning the ambition of NDCs with the same end-point. That is the case for those § 24 Parties that choose

[5] Theoretically, a Party could, of course, simply continue to introduce new NDCs, but that would mean the introduction of a 2050 NDC in 2030, a 2060 NDC in 2035 and so forth, clearly not a realistic option.

mid-tern updating, and also for those that choose up-front updating, but clearly it is not the case between the two types of updating scenarios. Why does this matter? It is a matter of simple probability that the larger the number of Parties involved in such an updating exercise, the higher the chances of greater overall ambition.

Also, even though, according to Art. 4.11, any Party "*may at any time adjust its existing nationally determined contribution with a view to enhancing its level of ambition*," the experience with the Copenhagen pledges suggests that no one will stick their neck out to initiate such a process if it is not expressly requested. If there is an explicit request by the CMA for parties to consider updating certain NDCs according to a specified time table, we have the set up for a ***synchronised*** ambition enhancement which can lead to a genuine ambition maximisation.[6]

It is for these reason that the existing common timetable for global reviews (stocktakes) needs to be complemented with a truly common timetable for the communication and updating of NDCs, where everyone does the same thing at the same time. Accordingly, I fully concur with the view expressed in the AILAC submission [S1] that "*a critical part of the effective implementation of the Paris Agreement´s ambition mechanism relies on the periodic review and updating of contributions, actions and support*."

(d) Planning Frequency and Horizons

The two operationalisations of § 24 discussed here illustrate the different planning horizons, that is the time-span to the end of the last communicated NDC, stakeholders may be facing with Parties that have chosen to adopt a 10-year INDC. On one end of the spectrum, the planning horizon can be 15 years (Fig. 2.b: 2025, 2035). At the other there is the rather unhelpful cliff-edge scenario where the planning horizon can be less than a year, as illustrated in Fig. 2.a. in the case up to 2030. So, the 'mid-term' procedure does have a serious flaw which does not occur in the 'up-front' version. Having said that, it needs to be pointed out that the planning horizon of the latter also varies between 10 and 15 years.

Figure 2 highlights another important lesson for §24 Parties: something needs to be done ***every five years***. Party X may have opted for an initial implementation period of 10 years, in the hope of not having to go through painful internal target determinations every 5 years. Yet this hope was dashed in Paris, at least for Parties participating in good faith: updating a previously communicated NDC does not necessarily mean adopting a more ambitious target, but it does mean that not doing so is the outcome of genuine internal deliberations and not just a matter of 'going through the motions' with a foregone conclusion.

As regards the issue of common time frames, it could thus be argued that it was unfortunate that INDCs were submitted before Paris, and that had Parties known about the inevitable 5-year obligation to communicate or update, they might well all have opted for an initial 5-year implementation period, in which case Decision 1/CP.21 would probably have combined § 23 and §24 by requesting Parties simply ***to update their INDC or to communicate a new NDC***

[6] Note: Neither of the above two procedures as described above include such a synchronisation.

by 2020 and to do so every five years thereafter, which leads smoothly to another proposal that has been gaining traction in the negotiations (see, for example, [S11] and [S12]).

4.2. The Dynamic Contribution Cycle

At the end of preceding Section, it was suggested that if all Parties in Paris had submitted a 5-year INDC, §§ 23 and 24 might have been amalgamated into a single paragraph, requesting Parties:

> ☆ ***to update their INDC or to communicate a new NDC by 2020 and to do so every five years thereafter.***

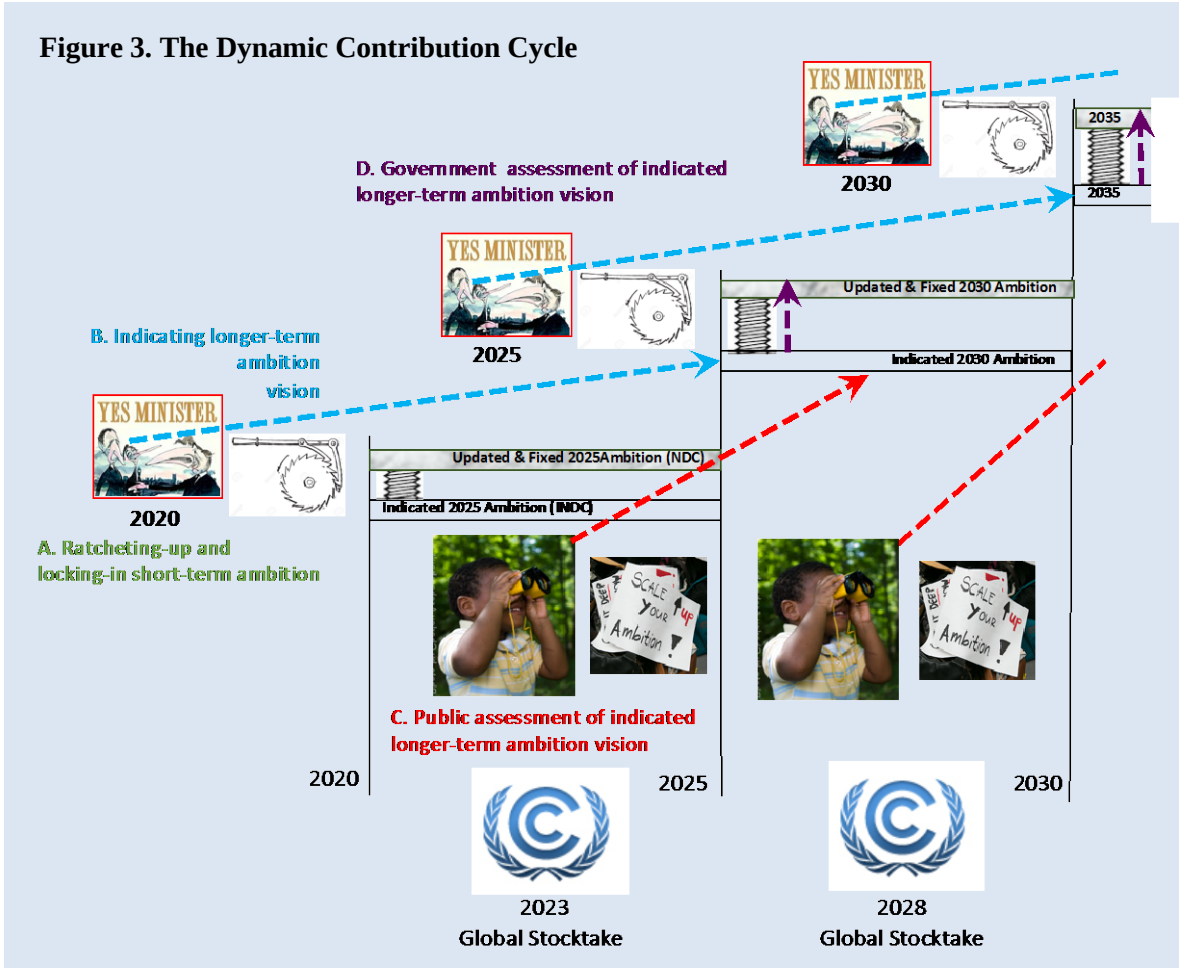
Yet even that would not have delivered a common communication and updating timetable. The ambiguities inherent in §§ 23 and 24 would still be present:

§ 23: it would still not be clear whether the 'new NDC' refers to a 2025 or a 2030 NDC, and § 24: it would still be left to Parties to decide what they would want to start with – communicating or updating. What to do?

In 2014, the answer proposed by ecbi Fellows[7] was, in a nutshell, "***both!***" That is to say:

> ☆☆ by 2020, update the 2025 NDC ***and*** communicate a new (indicative) 2030 NDC.

Figure 3. The Dynamic Contribution Cycle



[7] See [1] in the appended literature list.

The reason was, in essence, to provide a common timetable for both communicating and updating NDCs. This would avoid cliff-edges, give a longer-term ambition vision, and thereby create the conditions for maximum enhancement of ambition.

Figure 3 illustrates the different steps of the Dynamic Contribution Cycle in somewhat more detail (for more details see the literature listed in the Appendix 1, in particular [L4] and [L7]). Roughly, these steps can be divided into two phases: one, encompassing the first two steps (A and B, Fig. 3) to provide shorter-term ambition certainty and longer-term ambition vision; and a subsequent one (C and D) to provide for proper stakeholder consultation and peer review.

(a) Provision of shorter-term ambition certainty and longer-term ambition vision (A&B)

A. In the final year, say 2020, in the run-up to the next (2025) NDC period, governments are to ratchet up and fix the ambition of that NDC – as previously communicated on an indicative basis.

B. At the same time they are to submit an indicative NDC for the subsequent period (i.e. an indicative 2030 NDC), in order to signal their longer-tem 'ambition vision'.

This will not only give both certainty for markets and indicative longer-term planning horizons, but it will also provide the prerequisites for the second phase, which is where enhanced ambition originates.

(b) Stakeholder Consultation & Peer Review (C & D)

As mentioned earlier (Section 3.2.d), the Paris outcome envisages that NDCs are to be submitted at least 9 to 12 months in advance of the relevant session of the CMA. But even if such submissions were to be merely indicative, it is highly unlikely that 9-12 months would be sufficient for interdepartmental government processes to arrive at an updated version of the submitted indicative NDC, let alone for stakeholders to have their say.

C. As alluded to in Section 3.c, stakeholders, which in this context includes other Parties, will need to be consulted in order to create the preconditions for governments to be as ambitious as possible. In particular, there needs to be an assessment of the fairness of the proposed indicative targets (see [5]), so governments can legitimately claim that, in light of what others propose, their updates are fair.

D. In light of all the information obtained during the next (2025) NDC period – including not only public assessments but also the mid-period (2023) Global Stocktake and informal consultations with other Parties – governments are to assess the ambition of their indicated 2030 NDCs, hopefully with the result that they feel comfortable to enhance that ambition, and start again with step A.

It should be noted that this idea is by no means new. It has been around from well before Paris, as witnessed in the literature listed in Annex 1, and in the relevant passages of the Geneva negotiating text (see Appendix 2).

5. Where are we now? Submissions

5.1. The Submitted Options

The focus of the submissions in response to the SBI 47 call is on four options, illustrated in Figure 4.

Option A. ***10-year 'up-front updating' Cycle*** (Fig. 4.a and Fig. 2.b)

(A.1) At the beginning of 2025, new 2040 NDCs are submitted for scrutiny and synthesis, and (possibly) unilaterally enhanced before being communicated by the time of the 2025 CMA, with the knowledge of having to update them in 2030 (as discussed in Section 4.1.b above).

(A.2) Between 2025 and 2030, the aggregate adequacy of these 2040 NDCs can be assessed and used as input to a *de facto* synchronized ambition maximizing exercise (see 4.1.c), leading to the submission of updated 2040 NDCs early in 2030, and to the communication of updated and fixed 2040 NDCs at the 2030 CMA.

(A.3) In 2035, the process repeats from (A.1), and so forth.

Option B. ***5-year 'one-step-at-a-time' Cycle*** (Fig. 4.b)

(B.1) At the beginning of 2025, the submission of new 2030 NDCs for scrutiny and synthesis ends the preceding cliff-edge situation (Section 4.1.d). It is possible that their ambition is unilaterally enhanced before they communicated by the time of the 2025 CMA. As such, they are assumed to be fixed, i.e. not to be updated.

(B.2) In 2030 the process is repeated for 2035 NDCs, and so forth.

Option C. ***'Simple 5+5' Cycle*** (Fig. 4.c)

(C.1) At the beginning of 2025, new 2035 NDCs are submitted for scrutiny and synthesis. As in (B.1), their ambition could be unilaterally enhanced before they communicated as fixed by the time of the 2025 CMA.

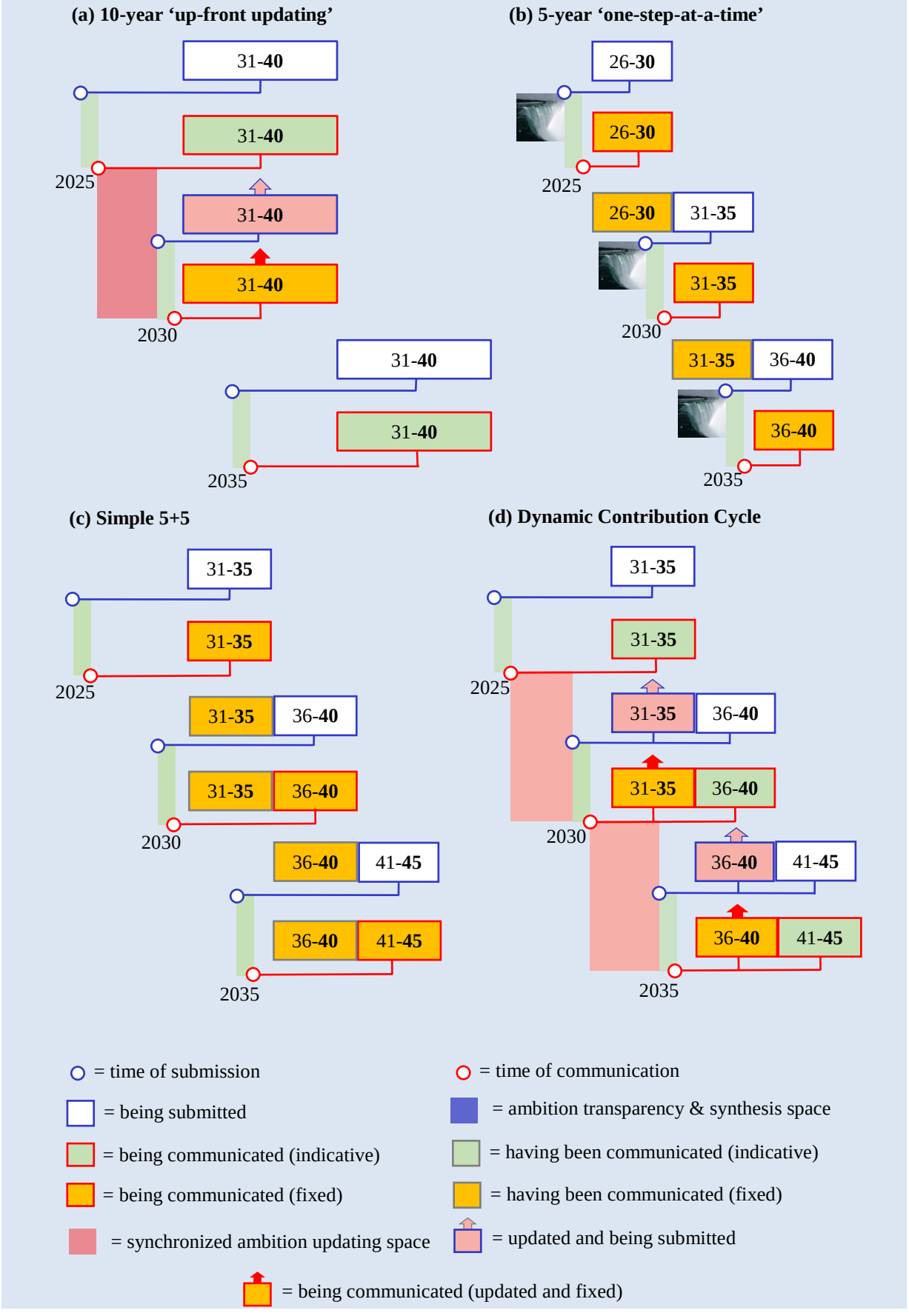
(C.2) In 2030, the process is repeated for 2035 NDCs, and so forth.

Option D. ***The Dynamic Contribution Cycle*** (Fig. 4.d)

The DCC simply is the same as Option C but with the explicit expectation that the new NDCs are indicative and to be subject to a synchronised updating process *mutatis mutandis* as described in (A.2).

Figure 4 illustrates not only the progression from the 5-year 'one-step-at-a-time' (Fig. 4.b) via the Simple '5+5' Cycle (Fig. 4.c) to the Dynamic Contribution Cycle (Fig. 4.d), but also how the latter combines the attributes of the 10-year 'up-front updating' Cycle (Fig. 4.a) with the simple 5+5' Cycle.

Figure 4. Submitted Options



5.2. Discussion

Option A. The submission by the ***Russian Federation*** [S04], as far as I understand, advocates Option A. Ten-year time frames were also envisaged as an option for developing countries for reasons of CBDR (***India*** [S08]), or (***Thailand*** [S07]) due to the concerns with regard time constraints, as discussed in Section 6.4.b (below).

The rest of the submissions were focussed on five-year time frames.

Option B. The second AILAC submission had this 'one-step-at-a time' cycle as one of the options under consideration. The reason, according to personal discussions, was the concern about 'time lags' addressed in Section 6.4.b (below). The main problem with this option is, of course, that it involves nothing but cliff edge scenarios (see Section 4.1.d).

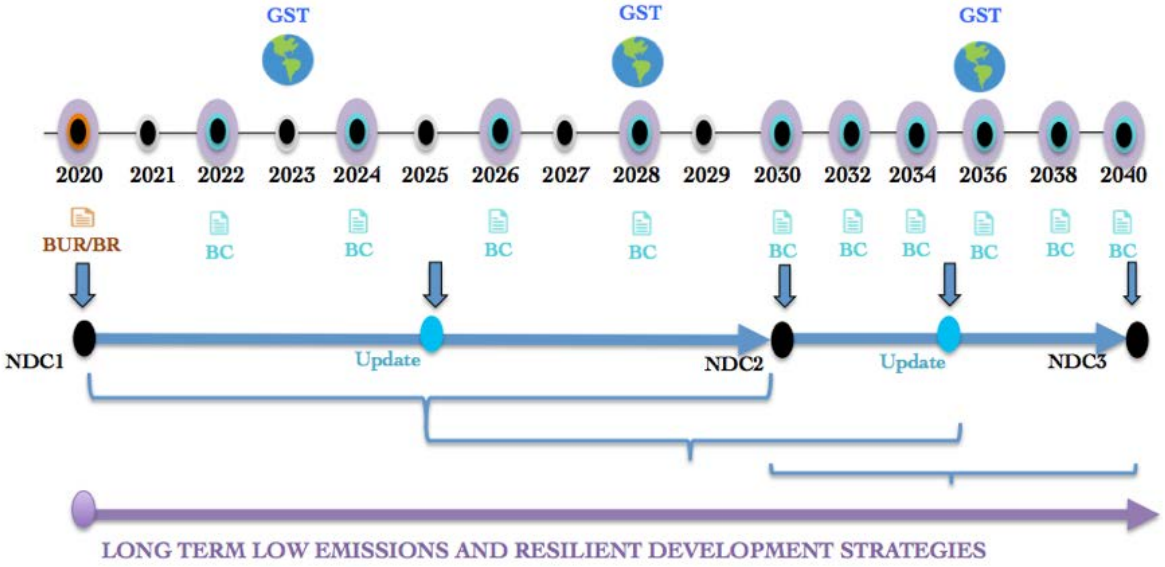
Option C. *Prima facie*, the submissions of ***Brazil*** [S06], ***South Africa*** [S15], Egypt on behalf of the ***AGN*** [S12], and ***Bangladesh*** [S13] are advocating the option of having NDCs ending every five years, with two consecutive future ones. This, *per se*, is of course perfectly compatible with the Dynamic Contribution Cycle (Option D). Indeed, the former is part and parcel of the latter, and can be transformed into the latter by providing for synchronised updating to ensure maximum ambition (see Section 6.1), which may be attractive in this context, not least if the choice of a five-year time frame is advocated because of its benefits to the enhancement of ambition.[8]

Option D. In discussing 10-year periods of implementation, the submission by Chile on behalf of ***AILAC*** [S09] states that "*in order to preserve the coherence of the ambition mechanism of the Paris Agreement (conceptualized over 5-year cycles) while allowing for the integration of information resulting from regular Global Stocktakes, a 10-year NDC should contemplate an update at the 5-year mark. This would in itself have a 10-year horizon, so the first five years covered would present an update to the plans previously established, and the second five years would present a new plan. This 'rolling plan' approach would allow Parties to develop 10-year NDCs while still retaining the ability to take into account the information from the GST, as well as the latest science and evolving market conditions, as it becomes available, within the relevant planning processes."* This is illustrated by the following figure:

While it is true that this option does involve (overlapping) 10-year periods of implementation, it is not self-evident what would be updated, say in 2025. The submission refers to 'the first five years' in a new time horizon up to 2035. But, say in the case of NDCs with end-year 'point targets', all we would have in 2025 is the target of NDC1, that is a figure relating to

[8] "The AGN notes that the five-year time frames are ideal for environmental integrity and to avoid lock-in to NDCs and to enable raising of ambition."[S12]
"This is motivated by environmental integrity, to avoid lock-in to NDCs and enabling more regular raising of ambition than longer time-frames."[S15]
"Such an approach would ensure the role of the GST in informing Parties to enhance their successive efforts every five years, while also assuring Parties that all will consider moving towards higher ambition over time in a coordinated manner, thus reducing potential uncertainties in collective action."[S06]
"Five (5) years' common time frames will avoid lock in to NDCs and will provide the opportunity to promote environmental integrity and raise the ambition at regular basis than longer time frames."[S13]

2030. Having said this, the figure suggests that the underlying idea was that of Option D, that is the Dynamic Contributions Cycle.



Two other submissions, however, unequivocally advocate Option D. The submission [S11] by Ethiopia on behalf of the ***Group of Least Developed Countries***, for one, states that:

"*The LDC Group proposes a dynamic NDC cycle of 5+5 years in which Parties communicate a 5-year NDC for an upcoming 5-year implementation period and simultaneously provide a subsequent indicative NDC for the following 5-year implementation period. At the next NDC communication cycle, a Party would communicate or update their previously indicative 5-year NDC for the upcoming implementation period as well as provide a new indicative 5-year NDC for the following 5-year implementation period.*

In this way, Parties would be able to maximise short-term ambition by avoiding locking in low ambition for long periods while giving Parties an opportunity to effectively plan medium- and long-term climate efforts and provide needed certainty and direction of travel to key stakeholders in the public, private and civil society sectors."

The submission by ***Trinidad & Tobago and Belize*** [S14], in turn, puts forward that:

"*In order to synchronize the NDCs of Parties that have differing timeframes, and consistent with the intention of paragraphs 23 and 24 of Decision 1/CP.21, it is proposed that all Parties utilize a 5+5-year dynamic NDC cycle commencing in 2025, at which time all Parties would update and submit their 2030 NDC and communicate an indicative 2035 NDC. In 2030 all Parties would then update and submit this previously indicative 2035 NDC and communicate an indicative 2040 NDC. And so forth. This dynamic NDC cycle would not only facilitate maximum enhancement of short-term (five-year) ambition, but also provide a ten-year ambition indication as medium-term planning horizon.*

Given paragraphs 23 and 24 of Decision 1/CP.21, this dynamic NDC cycle could be brought about by simply ***requesting all Parties in 2025 to update their 2030 NDC and communicate an indicative 2035 NDC, and to do so every five years thereafter****."*[emphasis added]

6. Where are we now? Concerns regarding …

6.1. … the lack of a proper Ambition Mechanism

(a) *1/CP.21 submission, communication & updating cycles*

Since enhancing ambition is often seen as going hand in hand with increasing costs, and given the lack of trust between many Parties, the assumption that others would be free-riding if one were to increase one's ambition unilaterally is not unreasonable. Indeed, if one assumes no-one else is going to be doing anything significant, there may be a strong temptation to join them, for fear of otherwise being accused by domestic interest groups of imposing an unfair burden on them.

What is needed to deal with this ambition-inhibiting setup is a trust-building space to help 'incubate' ambition enhancements in good faith. Such ambition spaces, as indicated above,[9] require a mutual openness of how much ambition one would be willing to take on unilaterally (i.e. in the absence of such a collective ambition building exercise), and they require time to assess collectively the proposals and counter proposals being made in it. In other words, they require an openness about one's unilateral 'indicative ambition', as well as time to assess, in particular, the fairness of the proposals that are being put on the table for enhancing the ambition.

It has been suggested that the 9 to 12 months that Parties are required to "submit" their NDC in advance of the relevant CMA session "with a view to facilitating the clarity, transparency and understanding of these contributions, including through a synthesis report prepared by the secretariat"[10] is meant to provide such a space. Indeed, if 'submitting' an NDC is regarded as putting forward an 'indicative' NDC which is meant to be enhanced before it is 'communicated' at the relevant CMA session, these 9-12-month "ambition transparency & synthesis spaces" (see Fig. 4) would have some of the required ingredients, but unfortunately not all.

For one, it seems unlikely that the sort of assessments and negotiations, let alone an approval by domestic legislatures of their outcomes, could be carried out in the space of 9 to 12 months. How much time would this reasonably take? Given that the original 'Intended NDCs' were put forward in Paris in 2015, with a view to lead to communications of the first set of NDCs at the first 'relevant' CMA session, which in conformity with Party submissions (see Section 6.2.b), means at the 2020 CMA, it seems safe to say that there is an implicit consensus among Parties that five years should provide sufficient 'ambition space'.

The second missing element in § 25, to be discussed in the next Section, is its failure to encourage Parties to actually use the space provided to enhance the ambition of the initially submitted NDCs (to 'update' them) before they are communicated at the relevant session of the CMA.

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[9] Section 4.1.c.
[10] §25, 1/CP.21, see Annex 3.

Finally, as mentioned above,[11] overall ambition will increase with the number of participants in the discussion. But this is only true if they everyone discusses the same ambition, which at present is not assured, given the bifurcation into countries with 2025 and 2030 INDCs.

(b) ***Mechanisms and Spontaneity***

According to the Oxford English Dictionary, the concept of a 'mechanism' has a variety of meanings, roughly tied together by the idea of a 'structured process' or an 'ordered sequence of events'. The cycles of communications and global stock takes defined in the Paris Outcome (Appendix 3) can hence justifiably be referred to as a 'mechanism', but do they, by themselves, constitute an 'ambition mechanism'?

In order to foster enhanced overall ambition, the processes in question need to allow for, or rather create the ambition spaces discussed in the previous section, and it stands to reason, given this discussion, that this would have to involve an updating of existing NDCs.

As things stand, Parties may at "any time adjust [their] existing nationally determined contribution with a view to enhancing its level of ambition."[Art. 4.10] Therefore Parties could spontaneously decide to get together and discuss whether their intended ambition is collectively adequate, and if not, how much they would all be willing to enhance their individual ambitions. But is this really going to happen?

As a matter of fact, we are bound to find out within the next couple of years. In Durban (2013) Parties were asked to communicate their Intended Nationally Determined Contributions by 2015. Most Parties managed to do so.[12] At Paris, the COP took note of the INDC Synthesis Report prepared by the UNFCCC Secretariat (FCCC/CP/2015/7) noted "with concern that the estimated aggregate greenhouse gas emission levels in 2025 and 2030 resulting from the intended nationally determined contributions do not fall within least-cost 2˚C scenarios but rather lead to a projected level of 55 gigatons in 2030, and also notes that much greater emission reduction efforts will be required than those associated with the intended nationally determined contributions …"[§17, 1/CP.21]. The decision was taken "to convene a facilitative dialogue among Parties in 2018 to take stock of the collective efforts of Parties … to inform the preparation of nationally determined contributions …"[§20, 1/CP.21] This stock take has since started as the "Talanoa Dialogue".

In short, all the pre-requisites for a collective updating of INDCs, short of an explicit request to do so, are in place. Whether it will happen remains to be seen, but it stands to reason that an explicit request to update the INDCs for contribution as initial NDCs might have helped focus people's minds. After all, it is no coincidence that Art. 4.9 does ***not*** read "each Party may at any time communicate an NDC" but instead stipulates that they "shall communicate a nationally determined contribution every five years"; nor, for that matter, does that Art. 14.2 say that "the CMA may undertake a global stocktake at any time". And it is not unreasonable to expect that such a periodic ambition enhancement exercise should be synchronised with the other cycles and thus be carried out on a 5-yearly basis.

[11] Section 4.1.b.
[12] According to the UNFCCC website, 156 INDCs were communicated by 31 December 2015.

(b) ***The potential for gaming under synchronized updating***

Concerns were raised in one of the submissions in the context of mid-term updating of 10-year NDCs (see Section 4.1.a) that the introduction of expected mid-term updating "might create perverse incentives for lower ambition in NDCs, as Parties would hedge for a midterm upwards revision."[S06] The same concerns could obviously be levelled at the Dynamic Contribution Cycle. Indeed, it could well be that if an indicated NDC is expected to be considered for an up-front updating, some Parties might be tempted to engage in some gaming by submitting an indicated NDC that is less ambitions than what they actually believe they could to, just so as to be able to 'look good' when it comes to updating and fixing that NDC.

While it is not unreasonable to expect that Parties would generally offer their (unilaterally determined) maximum indicative NDC in good faith, and that if they cannot do more when it comes to updating and fixing, they would simply say so, the question remains: is the concern about potential gaming sufficient to reject the idea of synchronised updating as institutionalised in the DCC in favour of the simple 5+5 approach (Option C in Section 5.1)? Given that the purpose of the alleged gaming under the DCC approach would simply be to ensure that after the expected update one ends up at exactly the unilateral ambition one intended to put forward initially, i.e. the same as under the simple 5+5 approach, rejecting synchronised updating does not improve the chances of enhanced overall ambition. On the contrary, it simply means rejecting the collective ambition enhancement potential of that process and sticking with unilateral ambition levels throughout. From the point of view of enhancing overall ambition, this would clearly be sub-optimal.

6.2. … Target Periods

The question of whether there should be common time frames in the sense of common target periods can be divided into whether they should be synchronized, in the sense of having common end-points, and whether they should be of the same length or duration.

(a) ***Duration***

At present, the target periods of INDC vary from one-year 'point targets', to five- and ten-year targets. Assuming annual figures as the accounting metric (hence 'point-target'), multi-year targets can be used as a risk management tool, sometime referred to a 'smoothing the curve' by averaging. Essentially, they are a way of managing the risk of unforeseen annual outliers. So, the length of a target period is, in part, determined by risk-management consideration, and it should not be confused with periods for implementing that target.

At the same time, while in principle, overlapping target periods would conceptually be possible – for example if the target were formulated in terms of annual averages starting from say 1850 – they are not desirable from the point of view of the market-based cooperative approaches od article 6 of the Paris Agreement.

(b) Synchronization

Target periods are not the same as implementation periods, but they do have one important common feature: their end point: Short of reversing the temporal direction of causality, no target can be implemented once its temporal extension has passed.

These common end-point years can be used to identify different NDCs, and there appears to be convergence that they should coincide with the years in which NDC are meant to be communicated/updated, namely 2020, 25, 30 and so forth.[13]

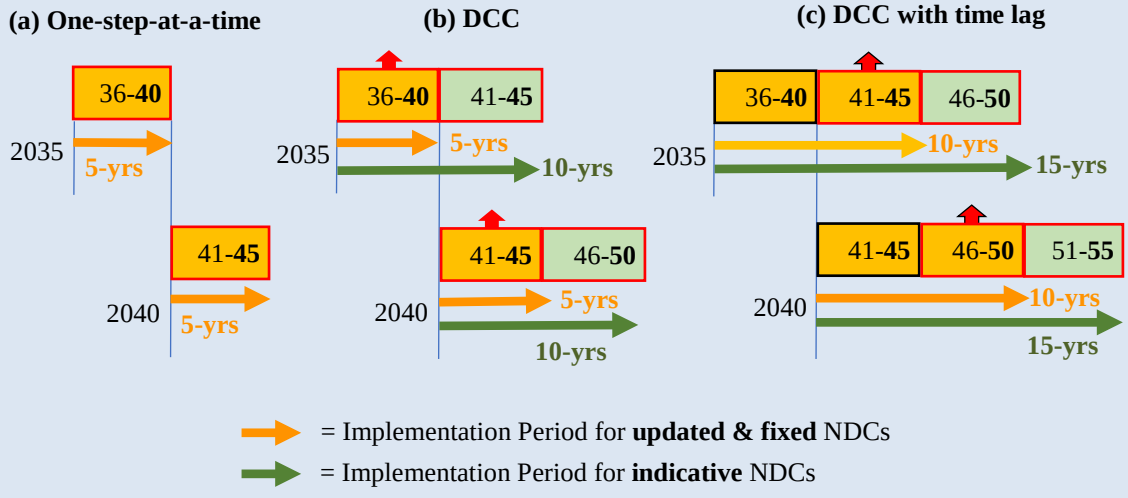
As to the issue of introducing common time-frames, there also seems to be a convergence that they should start after 2030, with the majority of submissions envisaging the first of the common time-frame NDCs to be a 2035 NDC communicated in 2025.

6.3. … Implementation Periods

Concerns have been raised that "the 5-year time frame may not be appropriate for developing countries as it is too short to allow for NDC measures to materialize."[S07] Indeed, if one identifies a 5-year NDC frequency with 5-year implementation periods[14] – as in the 'one-step-at-a-time' approach depicted in Fig 5.a (see also Fig. 4.b) – then it is highly likely that there will not be enough time to implement the NDCs in question.

However, as indicated earlier, NDC frequencies are not the same as implementation periods. For example, the Dynamic Contribution Cycle (DCC) – as depicted in Fig. 5.b – has a 5-year NDC frequency combined with 10-year implementation periods for indicative NDCs, and 5-year implementation periods for the NDCs after they have been updated and fixed.

Figure 5. What Implementation Period?



[13] Note that does do preclude 10-year NDCs, as discussed in Section 4.1.

[14] The term 'implementation period' is here used in the sense of the period of implementation as given at the time of communication of the relevant (indicative/updated) NDC.

Moreover, it would be possible to extend the implementation periods for the updated and fixed NDCs to say 10-years, as suggested in Fig. 5.c for a DCC 'with time lag'. The option of adopting such a time lag has to be weighed against the risk of locking-in of longer term (10-year) low ambition, and of the feasibility of longer-term (15-year) planning.

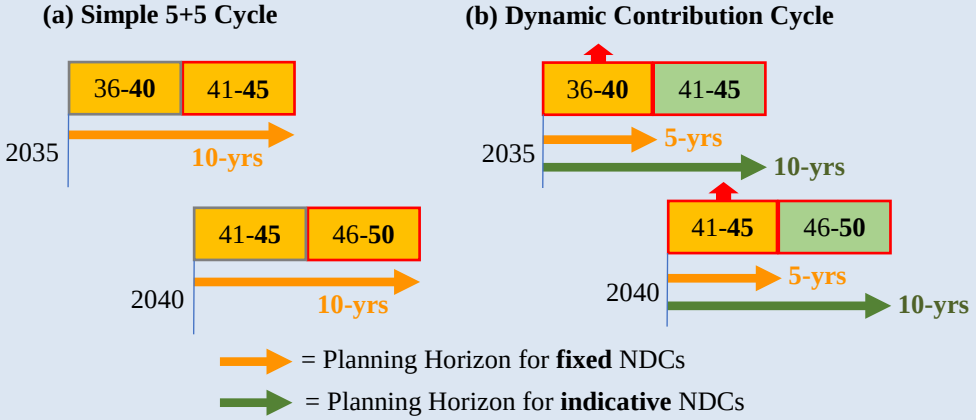
6.4. … Timetables

(a) Too much time

One, if not the key reason why the 'one-step-at-a-time' approach (Fig. 4.b) was considered in the AILAC submission is that the "This [5-year] periodicity reduces the risk of free-riders and of locking-in a level of ambition that fails to deliver on the required trajectories to achieve the Agreements long – term goals for longer periods of time by providing for the adjustment of NDCs to occur in a timely and appropriate manner."[S09] This is indeed a legitimate concern. Fortunately, it is one that can be addressed without having to opt for the extreme 'one-step-at-a-time' approach, as long as one distinguishes between NDC frequency and periodicity of implementation.

To be noted in this context is that the simple 5+5 approach depicted in Figure 6.a (see also Option C, Section 5.1) is also prone to locking in low ambition even though it has a 5-year NDC frequency, which is the key reason that in the DCC approach (Fig. 6.c[15])it is complemented with an additional 5-yearly synchronized collective ambition maximization process.

Figure 6. What Planning Horizon?



Parties that have opted for a 10-year implementation period for their INDC, as Switzerland put it in their initial intervention at SB48, will "need to look into how these domestic processes can be linked to the international 5 year cycle that we already have for the communication"[16] Indeed, Switzerland announced that they are "looking into options to be able to set up the

[15] See also Section 4.2 and Option D (Section 5.1).

[16] Author's transcript.

national process of revising our policy framework in a manner that allows us to formulate 5 year targets at the international level. Bearing in mind how fast new technologies are being developed and the increasing pace of the transformation of various sectors, it would be a missed opportunity." As this was one of the key reasons for the DCC, I could not agree more.

(b) Not enough time

Concerns have also been expressed about not having enough time under a five-year time frame to carry out the work that is needed to nationally determine a new and updated contribution every five years. The Thai submission [S07] describes at some length what can be involved in such a determination. While recognizing that "Parties are requested to submit new or updated NDCs by 2020 and every five years thereafter (i.e. by 2025, 2030, 2035), regardless of their respective implementation time frames" the Thai submission concludes that "the 5-year time frame may not be appropriate for developing countries as it is too short … for meaningful policy assessments to be integrated into the preparation of the next NDC cycle, thus placing undue burden on developing country Parties."

The problem is, as indicated in the earlier analysis of planning frequencies (Section 4.1.d): Parties are actually not 'requested' but ***mandated*** (Art. 4.9) to communicate a nationally determined contribution every five years. So, short of re-opening the Paris Agreement, the only viable answer to the no doubt real capacity constraints of certain countries has to be that of the AGN: "To avoid undue burden on developing countries and Africa in particular, due to frequency of communicating NDCs, their implementation should be supported in accordance with Articles 9, 10 and 11 of the Paris Agreement."[S12]

Apart from such capacity constraints, there have occasionally been references to the complexity of domestic processes which would not be able to deliver an NDC every five years. It is difficult to judge the validity of such arguments without looking at individual cases. However, at least for those countries that were Annex I Parties of the Kyoto Protocol, with its 5-year Assigned Amounts, it is difficult to believe that the domestic institutional processes have become so much more difficult that they could no longer cope you're a 5-year target rhythm.

Appendix 1. Literature

The following publications may be of further interest:

[L1] A Dynamic Contribution Cycle: Sequencing Contributions in the 2015 Paris Agreement; by Benito Müller, Xolisa J. Ngwadla, and Jose D. G. Miguez, with contributions by Isabel Cavelier Adarve, Carlos Fuller, Tosi Mpanu-Mpanu, and Nagmeldin G. Elhassan; October 2014.

[L2] 'Maillot Jaune' for the Dynamic Contribution Cycle; by Benito Müller; February 2016.

[L3] A Dynamic Ambition Mechanism for the Paris Agreement; by Benito Müller with contributions by Harro van Asselt, Cristina Carreiras, and Kaveh Guilanpour; March 2016.

[L4] From Contribution Framework to Ambition Mechanism: How to enhance mitigation ambition under the Paris Agreement; by Benito Müller; April 2016.

[L5] Justice is still critical in the post-Paris world of "nationally determined" climate action; by Anju Sharma; October 2016.

[L6] Why an effective Ambition Mechanism is vital to deliver the Paris Agreement; by Clare Shakya and Benito Müller; October 2016.

[L7] The Paris Ambition Mechanism: Review and Communication Cycles – Options Note; by Benito Müller and Xolisa Ngwadla, with contributions by Cristina Carreiras, Geert Fremout, Carlos Fuller, Kishan Kumarsingh, Jose Miguez; October 2016.

Appendix 2. The Geneva Negotiating Text

Para. 71.

Option (b): Commitments shall be inscribed every five years, beginning in 2015. All Parties shall communicate proposed commitments in the 12 to 18 months prior to their inscription. The commitments will cover a five-year period, ending 10 years after the inscription year. Parties may also propose an indicative commitment covering a further five–year period, which can be confirmed or enhanced five years later, when formally inscribed (2020);

Option (c): Every five years, indicating the commitment / contribution / action for the subsequent five-year period as well as an indicative commitment / contribution / action for the following five-year period;

Option (f): Every five years for the upcoming period and an indication for the following period only for mitigation: annual or biennial time frame for means of implementation in line with national budgets; different time frame for adaptation;

Option (k): The mitigation component of each contribution pursuant to section D shall include a five-year contribution term and a five-year consecutive indicative term;

Para. 71 bis. [Each Party shall revise and update the mitigation component of its first nationally determined contribution no later than five years after the entry into force of this agreement, by adjusting and/or confirming the consecutive five-year contribution term and communicating a new consecutive five-year indicative term, taking into account the aggregate consideration process referred to in paragraph 76 below.]

Para. 72 bis. [Each Party shall thereafter revise and update the mitigation component of its subsequent nationally determined contributions no later than [12] months before the end of each five-year contribution term by adjusting and/or confirming the next five-year contribution term and communicating a new consecutive five-year indicative term, taking into account the aggregate consideration process referred to in paragraph 76 below.]

Appendix 3. The Paris Outcome

The Paris Agreement

Art. 4.9. Each Party shall communicate a nationally determined contribution every five years in accordance with decision 1/CP21 and any relevant decisions of the Conference of the Parties serving as the meeting of the Parties to this Agreement and be informed by the outcomes of the global stocktake referred to in Article 14.

Art. 4.11. A Party may at any time adjust its existing nationally determined contribution with a view to enhancing its level of ambition, in accordance with guidance adopted by the Conference of the Parties serving as the meeting of the Parties to this Agreement.

Art. 14.1. The Conference of the Parties serving as the meeting of the Parties to this Agreement shall periodically take stock of the implementation of this Agreement to assess the collective progress towards achieving the purpose of this Agreement and its long-term goals (referred to as the "global stocktake"). It shall do so in a comprehensive and facilitative manner, considering mitigation, adaptation and the means of implementation and support, and in the light of equity and the best available science.

Art. 14.2. The Conference of the Parties serving as the meeting of the Parties to this Agreement shall undertake its first global stocktake in 2023 and every five years thereafter unless otherwise decided by the Conference of the Parties serving as the meeting of the Parties to this Agreement.

Art. 14.3. The outcome of the global stocktake shall inform Parties in updating and enhancing, in a nationally determined manner, their actions and support in accordance with the relevant provisions of this Agreement, as well as in enhancing international cooperation for climate action.

Decision 1/CP.21

Para. 23. Requests those Parties whose intended nationally determined contribution pursuant to decision 1/CP.20 contains a time frame up to 2025 to communicate by 2020 a new nationally determined contribution and to do so every five years thereafter pursuant to Article 4, paragraph 9, of the Agreement;

Para. 24. Also requests those Parties whose intended nationally determined contribution pursuant to decision 1/CP.20 contains a time frame up to 2030 to communicate or update by 2020 these contributions and to do so every five years thereafter pursuant to Article 4, paragraph 9, of the Agreement;

Para. 25. Decides that Parties shall submit to the secretariat their nationally determined contributions referred to in Article 4 of the Agreement at least 9 to 12 months in advance of the relevant session of the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement with a view to facilitating the clarity, transparency and understanding of these contributions, including through a synthesis report prepared by the secretariat;

Appendix 4. Submissions

[S01] Peru on behalf of the AILAC Group of Countries

[S02] Indonesia

[S03] Oxford Climate Policy; 22/03/2018

[S04] Russian Federation; 01/05/2018

[S05] Iran (Islamic Republic of) on behalf of LMDC; 29/04/2018

[S06] Brazil; 23/04/2018

[S07] Thailand; 23/04/2018

[S08] India; 16/04/2018

[S09] Chile on behalf of AILAC; 09/04/2018

[S10] Indonesia; 05/04/2018

[S11] Ethiopia on behalf of the Least Developed Countries Group; 04/04/2018

[S12] Egypt on behalf of the African Group of Negotiators (AGN); 04/04/2018

[S13] Bangladesh; 03/04/2018

[S14] Trinidad and Tobago on behalf of Trinidad and Tobago and Belize; 29/03/2018

[S15] South Africa; 16/03/2018

[1] See "Accounting for mitigation targets in Nationally Determined Contributions under the Paris Agreement", OECD/IEA Climate Change Expert Group, Paper No.2017(5)