

The Dynamic Contribution Cycle

SUMMARY BRIEF

The Rationale

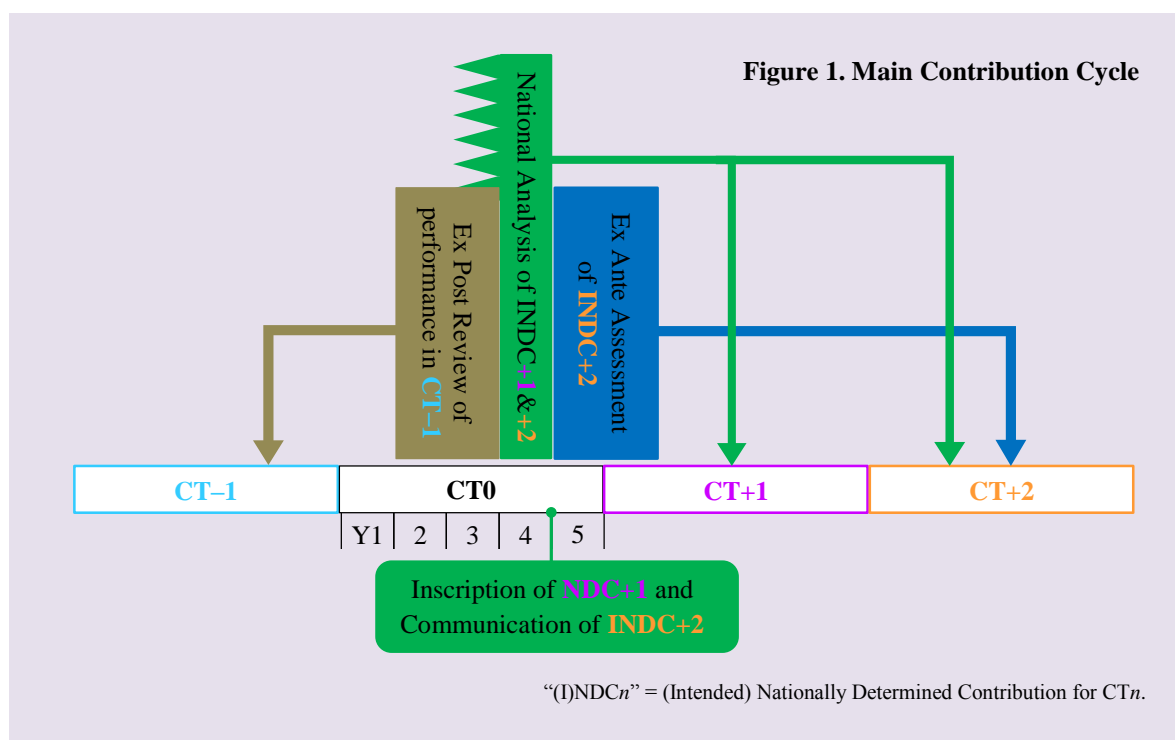
The “Dynamic Contribution Cycle” (DCC) proposed here was developed by the developing country participants of the 2014 ecbi Oxford Fellowships and Seminar and involves reviews of what has been achieved, and assessments of what countries intend to do in a manner that avoids certain key political constraints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

The Proposal

The proposed *Dynamic Contribution Cycle* (DCC) is a five-year cycle over with a rolling ten-year horizon. It involves three stages: *Ex-Post Reviews*, *National Analyses*, and *Ex-Ante Assessments*, leading to periodic *communications* of intended contributions and *inscriptions* of contributions. 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 in year three, 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 inscribed* for that term at the end of year four (Y4), becoming NDCs; 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).

Conclusion

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.

The DCC addresses all the above-mentioned key obstacles. 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 though 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.

* 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