



Regular Review and Rounds of Collective Action and National Contributions the 2015 Climate Agreement: A Proposal

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Note: This paper is intended as a discussion draft. The authors would welcome comments on this version.

¹ This paper does not necessarily reflect the views of the government of the People's Republic of China, nor those of NCSC.

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Forward

In 2014, IDDRI and NCSC published a joint 'think tank level thought experiment' concerning the design of the mitigation framework in the 2015 climate agreement. This dealt with how Parties could establish their contributions in the context of the 2015 climate agreement, in order to ensure that they are transparent, credible, flexible and transformational.

Subsequently, the negotiations have progressed. Parties have started to submit their contributions.

Increasing attention is being turned to the question of how to ensure the dynamism and durability of cooperation under the Convention and the 2015 climate agreement. Climate change is a long-term issue and continued strengthened cooperation will be required. How will Parties revise their contributions? How will progress on cooperation on all elements of the agreement be reviewed? How will we ensure that the science continues to guide cooperation?

These issues have become one of the cores of the negotiations, and the subject of divergent views among Parties.

In order to address this issue, IDDRI and NCSC have jointly developed the present discussion paper. As with all collaborations, it has involved much discussion, mutual enrichment of ideas and, of course, compromise. Neither side has seen its views fully expressed, as they stood before we started work. That is the nature of collaboration.

However, in the spirit of the negotiations, we thought that it was important to produce another think tank level thought experiment, in order to explore how the dynamism and durability of cooperation under the Convention and the 2015 climate agreement could be assured.

Executive Summary

The 2015 climate agreement should represent a shift in approach, which recognizes that raising ambition and meeting the 2 degrees target is a dynamic, iterative process. The key is to ensure that the agreement allows the progressive removal of the barriers to stronger action, particularly as these barriers are perceived from the national level. The agreement should enshrine this approach by establishing a mechanism of regular review and rounds of collective action and national contributions. The objective of this mechanism is fourfold:

- Enhance the ambition of individual Parties' action and of the collective response to climate change
- Reinforce international cooperation by keeping the agreement under regular strategic review, and developing all its elements
- Allowing learning by doing and flexibility to take into account but progressively reduce uncertainty
- Balance national determination with multilateral discipline by agreeing to a process of continuous interaction that can promote reciprocity and accountability to individual targets and the collective 2 degrees target.

While it may seem complicated, such a mechanism can be based on three simple elements to be enshrined in the new agreement:

- **The principle of regular, predictable, and rapid rounds of collective action and new nationally determined contributions.** We believe that a 5 year periodicity is optimal, and should ideally be established in the 2015 agreement. 10 years would allow only two further interactions between now and the proposal of contributions to 2050, which is not enough to establish confidence and accelerated action. New contributions should extend in time, ambition and scope current contributions. The next round of collective action should consist of new contributions being proposed in 2019-20, for the period 2030-35.
- **The principle of national determination of future contributions.** The agreement should enshrine that future contributions will be nationally determined. In light of this, and given the existence of similar review processes outside the UNFCCC, we do not see the need to establish formal reviews of fairness and adequacy (F&A) for individual contributions at this stage. Likewise, a collective review of adequacy relative to the 2 degrees target can be done outside the UNFCCC, and reflected back into the UNFCCC.
- **The establishment of a periodic strategic review under the new agreement, as an impetus to the next round of collective action and national contribution.** In order to learn from experience, create a self-reinforcing sense of progress, and enhance accountability for collective objectives, a five yearly strategic review should be established, the first of which would take place in 2017-2018. This would be conducted by an ad hoc, limited participation, representative body, which would present its report for information, not negotiation, purposes.

1 Introduction

Parties decided in Warsaw in 2013 that all countries should prepare *intended nationally determined contributions (INDC)* and submit them well in advance of the Paris COP in 2015. The Lima COP in 2014 provided some additional guidelines on what INDCs should contain in order to ensure transparency and accountability.

This new process represents a change from previous approaches to the challenge of climate change. It recognizes three important points of departure for global cooperation:

- In the context of a global common challenge, the new climate regime needs to attract full participation taking into account common but differentiated responsibilities in light of different national circumstances.
- National determination is a core principle of cooperation and the regime should be based, at this stage, on trust not punishment.
- The international cooperation framework should be durable and capable of learning and evolution over time, rather than seeking a 'perfect agreement' ex ante.

Based on national contributions, universal participation, and a long-term dynamic framework, this new approach for the international climate regime can be quite disorienting. How do we ensure that individual contributions progressively bring the global trajectory in line with the 2 degrees target? How do we balance universal rules with common but differentiated responsibilities and different national circumstances, while still retaining high ambition? How do we ensure that the regime evolves to manage changes in the context of national policy and international cooperation, and strengthen ambition over time?

There seems to be recognition among Parties that a key part of the answer to these questions is the establishment of a regular review and rounds of collective action, within which national contributions and the broader regime can be strengthened in a predictable way over time.

This concept of regular review and rounds of collective action and new contributions is reasonably well shared among Parties. Nonetheless, it does raise concerns and confusion, at several levels:

- Will future rounds of collective action retain the current emphasis on national determination, or will multilateral norms and objectives play a stronger role?
- Will the scope of future rounds of collective action and review be limited to mitigation, or will it also encompass adaptation, finance, technology, transparency and capacity building?
- How will the principle of CBDR in light of different national circumstances be reflected in future rounds of collective action?
- What would be the modalities of regular review and rounds of collective action and national contributions? Who and what would be reviewed, to what purpose, and by whom? How would new national contributions be proposed?

The complexity of these questions and the divergence of views between Parties are reflected in the confusion and length of this section of the negotiation text. This issue is also one where the

divergence between developed and developing countries is more pronounced. **It is therefore urgent that Parties come to a shared understanding of these issues under the 2015 climate agreement, so that the essential elements can be agreed in Paris.**

The objective of this paper is to explore how regular review and rounds of collective action and national contributions could be assured in the 2015 agreement. It aims to bridge the views of two think tanks, one from a developed country and one from an emerging developing country. As a ‘think tank level thought experiment’ it should be seen as an effort to bridge differences and find solutions on this difficult issue.

We believe that each regular review and round of collective action should encompass all the elements of the Durban Mandate, but that their specificity may require particular consideration in designing elements applicable to adaptation and means of implementation, especially finance. Forthcoming papers by IDDRI on finance and adaptation will deal with this issue. This paper focuses largely on the design of a mechanism suitable for mitigation.

This paper is structured as follows. In Section 2, we discuss the reasons that underpin the need for a system of regular review and rounds of collective action and national contributions, and describe how such a system could strengthen future international climate cooperation and contribute to increase ambition over time. In Section 3 we propose a conceptual framework. In Section 4 we make some concrete proposals on options. In section 5, we discuss the relationship between the convention and 2015 agreement. In section 6, we discuss how to organize the discussion on ambition. Section 7 concludes.

2 The Role of Regular Review and Rounds of Collective Action and National Contributions

2.1 What Can Limit Ambition?

Countries have agreed that global warming should be limited to 2 degrees Celsius, and it is likely that the Paris Agreement will reconfirm this objective. However, there is already wide acknowledgement that the INDCs submitted in 2015 will not be *ex ante* sufficient to put global emissions on a trajectory coherent with 2 degree Celsius.

The emphasis on ‘*ex ante*’ is important here. The term reflects the recognition that over time, as countries gain more experience with climate policy, as technologies and behaviors evolve, and as a reinforcing dynamic of collective action strengthens, countries should be able to progressively increase their ambition. Of course, there are limits to this logic, posed by the risks of lock-in from excessively delayed action (see box 2 below). **Nonetheless, there should be a paradigm shift that acknowledges that raising ambition is a process of learning-by-doing and repeat interaction, to be generated by the 2015 climate agreement.**

It thus seems clear that few countries are in a position to propose today contributions *ex ante* coherent with 2 degrees. Why is this so? We can briefly identify four main factors:

- Concerns that there will be inadequate collective action to secure:
 - i) the benefits of avoided warming that justify individual action;

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- ii) the learning, economies of scale, innovation, and cooperation that can reduce the costs, and increase the feasibility of deep emissions cuts and the attractiveness of a low-carbon economic model.
 - Concerns about free riding and impacts on economic competitiveness.
 - Uncertainties on the technical, social, economic and policy feasibility of deep decarbonization (see box 1 for an illustration with the case of China)
 - Domestic political economy constraints related to the power of incumbent sectors, the nature of the political system, etc.

These barriers to ambition are seen from the perspective of **national policy makers**. Top-down pressure from the regime, such as the 2 degrees target, is important, but not sufficient. **Another paradigm shift is needed, towards an understanding of the national barriers to ambition and how national policy and international cooperation can remove them over time.**

Box 1: How Normal is the “New Normal”? Economic Uncertainty and Climate Ambition in China

The Chinese economy is currently entering a new phase. The previous phase was characterized by rapid annual growth of around 10%, driven by infrastructure investment, construction, and net exports. This drove very rapid growth in CO₂ emissions, more than 65% of which was due the industrial sector. There is increasing recognition that the current model is not economically and environmentally sustainable. High debt, misallocated investments, severe overcapacity in housing and manufacturing, falling net exports and severe local pollution are some of the symptoms of an economic model under stress. The Chinese government therefore aims to transition to a so-called “New Normal”, of slower but more sustainable growth, less reliance on investment, exports and heavy industry; and a stronger role for services and household consumption. **This structural shift to a less energy intensive economic model would have very profound and positive implications for Chinese emissions. However, it is a macroeconomic-scale, long-term process fraught with much uncertainty, as the Chinese government seeks to balance restructuring with stability.**

The policy direction is clear, namely the intension to pioneer a bifurcation in China’s development model grounded on its capacity to align China’s development objective of a stable, growing but significantly restructured economy with a low carbon redirection of its energy system. But the scale and speed with which it can be accomplished is not, in particularly due to uncertainty about the future depth and speed of Chinese macro-economic restructuring. **But uncertainty is not an excuse for inaction – quite the contrary.** Policy action and continuous learning and adjustment are required to manage and resolve uncertainty inherent in development and climate policy, both at the national and international level. The 2015 agreement needs to be designed to allow for this learning process.

2.2 How Can a Regular Review and Rounds of Collective Action and National Contributions Help to Address these Concerns?

Regular review and rounds of collective action and national contributions can contribute to progressively reducing these constraints. Table 1 sets out how this kind of framework would help to address the above concerns.

Table 1: contribution of regular review and rounds of collective action and national contributions to addressing barriers to greater ambition

| Barrier | Contribution |
|---|---|
| Concerns of inadequate collective action; free riding and impacts on economic competitiveness Domestic political economy constraints | The framework creates assurances of repeated interactions between Parties and follow up, and hence enhances accountability for current contributions. Review of individual progress towards contributions helps to allay concerns of free riding; reviewing global progress can help to create assurances of adequate collective action |
| Concerns on technical and social feasibility Lack of confidence in domestic capacity to implement | A dynamic framework allows for flexibility to update contributions and action over time, to reflect new conditions and progress or setbacks in implementation. Review can highlight policy and technical best practice, facilitate policy learning and demonstrate the feasibility of solutions. |

A core argument for the role of a dynamic framework is the ***value of regular and repeated interactions*** between countries in solving collective action challenges. Such repeated interactions allow for the establishment of reciprocity between countries, in which robust implementation is rewarded with stronger action in subsequent rounds of collective action. In short: the knowledge of future rounds of collective action creates incentives today. The same principle applies to the signals the agreement sends to the private sector, which will be more robust when embedded in a continuous, durable, and stable process. **Regular review and rounds of collective action and national contributions should thus be seen as a core part of creating reciprocity and a virtuous circle.**

A second core argument is the ***flexibility*** given by an iterative framework. As noted in section 2.1, there are many uncertainties and concerns which may limit the ability of many countries to *ex ante* commit to a national pathway coherent with two degrees. Nonetheless, the solution is not to renounce the 2 degrees objective. Rather it is to set long-term orientations coherent with the 2 degrees objective, and regularly revise shorter-term individual targets in light of progress and changing circumstances. This flexibility and regular revision is particularly important in the context of countries experiencing rapid economic growth and structural change, the uncertainties of which create conservatism about the capacity to reach deep emissions cuts (see box 1).² **Regular review and rounds of collective action and national contributions should thus be seen as a tool to manage**

² Cf. Spencer, T. et al (2014), "The mitigation framework in the 2015 climate change agreement: from targets to pathways", IDDRI and NCSC.

and progressively remove countries' uncertainties about the technical, economic and policy feasibility of deep decarbonization.

A third argument for the value of regular review and rounds of collective action is that they enable a balance between universal participation and CBDR in light of different national circumstances.

Within a cooperative framework that will be updated over time, countries will be more comfortable about taking a front runner position. They will be reassured that others are on board, and that their action will be strengthened over time. **For major emitters, who will come under further pressure to strengthen their actions after 2015, a multilateral framework that establishes ex ante a process of regular review and rounds of collective action and national contributions can ensure that their major partners are subject to the same expectations.** Repeat interactions can also create the conditions for reciprocity and hence front-runner implementation among leading groups. The issue of CBDR in light of national circumstances is further taken up in section 5.

2.3 Purpose of Regular Review and Rounds of Collective Action and National Contributions

We list four main purposes for regular review and rounds of collective action and national contributions in the 2015 climate agreement:

1. Enhance the ambition of individual Parties' contributions and of the collective response to climate change
2. Reinforce international cooperation by keeping the agreement under regular strategic review, and developing all its elements
3. Allow learning by doing and flexibility to take into account but progressively reduce uncertainty
4. Balance national determination with multilateral discipline by agreeing to a process of continuous interaction that can promote reciprocity and accountability to individual targets and the collective 2 degrees target.

3 What do we Mean by a Regular Review and Regular Rounds of Collective Action and National Contributions? A Conceptual Framework

As noted in section **Erreur ! Source du renvoi introuvable.** the concept of regular review and rounds of collective action and national contribution creates a lot of conceptual confusion and political concerns. The two are related: the lack of conceptual clarity about how it would work contributes to political concerns among countries less willing to sign up to the idea. The objective of this section is to create a conceptual framework which we hope can help Parties to better approach this issue.

3.1 Regular Rounds of Collective Action and National Contributions

The core of the system is the national contribution.³ In thinking through the different aspects of the framework it is useful to distinguish between ‘actors’ and ‘elements’. These two aspects give us a matrix which can be used to explore how the system could work.

‘Actors’ include:

- The Convention
- The 2015 agreement
- Parties
- Existing processes or institutions under the Convention and new processes or institutions that may be established under the 2015 agreement
- The Secretariat
- Civil society, including scientific academia and NGOs.

These ‘actors’ may play different roles, and it is important to consider them explicitly.

The elements can be defined as follows:

- Scope: This refers to the scope of the national contribution and review in future rounds of collective action, in terms of mitigation, adaptation, finance, technology, transparency and capacity building.
- Periodicity: This refers to the periodicity of review and new contributions, i.e. should a repeated periodicity of 5 or 10 years be defined *ex ante*, or should periodicity be defined in looser terms such as a one-off review, or a general commitment to keep the agreement and contributions under ‘regular review’?
- Commitment to provide a new national contribution: This refers to an expectation or commitment, *ex ante*, that Parties should provide a new national contribution each round of collective action.

The concept of regular rounds of collective action can be distinguished both from the notion of updating contributions within the contribution period, in an ad-hoc manner, and also from the conception of commitment periods used up to now under UNFCCC agreements. We can identify three main differences:

- Regular, predictable rounds of collective action: some have proposed allowing countries to submit new contributions or adjust existing contributions at any time, in an ad hoc manner. However, there will likely be several barriers for ad hoc, unilateral adjustment to be effective: reluctance to contribute more unilaterally; the desire not to prejudge future negotiation; the difficulty of revisiting political decisions due to the inertia of domestic policy processes; and the inertia of infrastructure and technologies, which render short term targets increasingly irrelevant for economic decision makers such as investors, as the target year approaches. **Thus while Parties should be allowed to adjust their contributions at any time, subject to the no-backsliding principle, the main objective must be to create**

³ We use the term contribution throughout the paper as a means of avoiding debate on the future legal status of targets, etc.

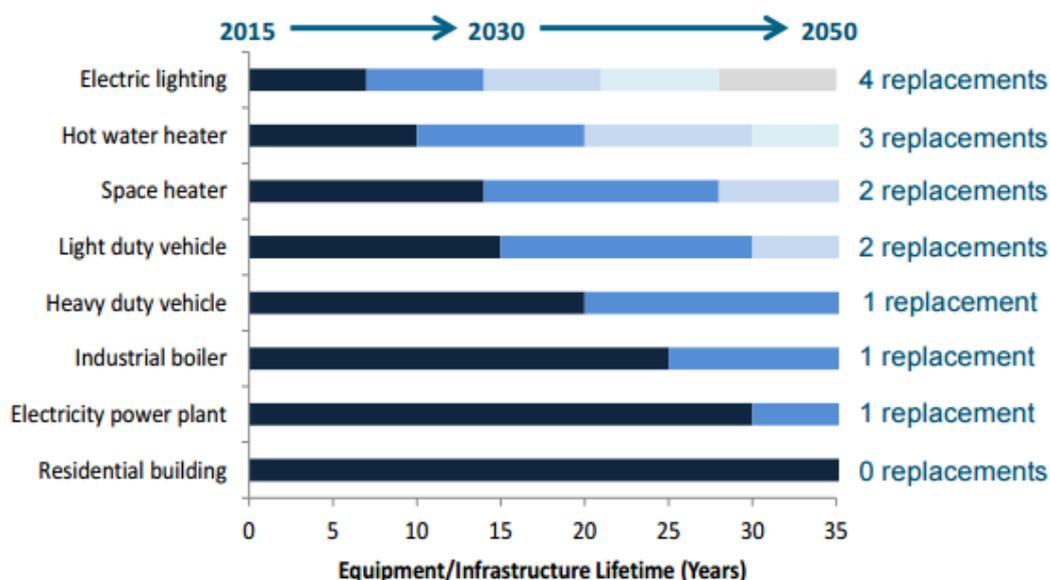
moments of new rounds of collective action and new national contributions, and hence the conditions for increased ambition.

- *New contributions extended in time, scope and ambition:* revisions to existing contributions also risk being of limited ambition, given long timeframe necessary to bring about a significant inflection in emissions trajectories. **Thus the main expectation would be that Parties submit new contributions, extending in time, scope and ambition their current contribution.** In simple terms, in 2019-2020 it makes sense to propose a new contribution for 2030/2035. Longer-term policy signals are also a precondition for unlocking more ambition in 2030: an ambitious 2035 contribution is the way to unlock overachievement of 2030 contributions.
- *Predictability and regularity:* Without regular review and rounds of collective action and national contributions, Parties would continue the ad-hoc multilateral negotiation process that has existed up to now, in which Parties agree on new arrangements whenever the current commitment period is almost at its end. We have seen that this has not led to satisfactory results in terms of raising ambition. A key principle is therefore predictability and regularity. Review and rounds of collective action and national contributions must be regular enough to enable learning and increased ambition to take place with sufficient speed to be able to get on track for 2 degrees. We delve a bit further into this issue of regularity of new rounds of collective action and national contribution in box 2 below.

Box 2: What is the Optimal Periodicity for Review and Rounds of Collective Action and National Contributions?

Considerations of the optimal periodicity of review and rounds of collective action and national contributions should take a number of factors into account. Firstly, interactions between parties will need to be regular enough to enable learning, confidence building and hence accelerated action. Secondly, they should be rapid enough to prevent risks of lock-in into long-lived infrastructure. As can be seen in figure 1 there are only a few opportunities between now and 2050 to make the right choices on infrastructure. A third consideration is the time it takes for policy to demonstrate results. Five years after Cancun, it appears clear that the EU and probably China will overachieve their 2020 pledges. These considerations lead us to prefer a five year periodicity, in which every five years Parties would submit new contributions for a further five year period. The next contributions would be submitted in 2020, by which time we should have a clear idea of achievement of 2020 Cancun pledges, and should cover the time horizon of 2035 or 2030 at the least.

Figure 1 : infrastructure renewal windows between now and 2050



Source: Williams, J. et al (2014), "Pathways to Deep Decarbonization in the United States", The U.S. report of the Deep Decarbonization Pathways Project of the Sustainable Development Solutions Network and the Institute for Sustainable Development and International Relations.

3.2 Conceptual Framework for Review

Review is a term widely used in the UNFCCC process. However, it has different implications when used for different processes, depending on the purpose and subject of the review. Given the confusion of terms, it is important to clarify the typology of different proposed or existing review processes. Table 3 proposes this typology. Annex 1 provides some key lessons from existing review processes.

Table 2: typology of review processes

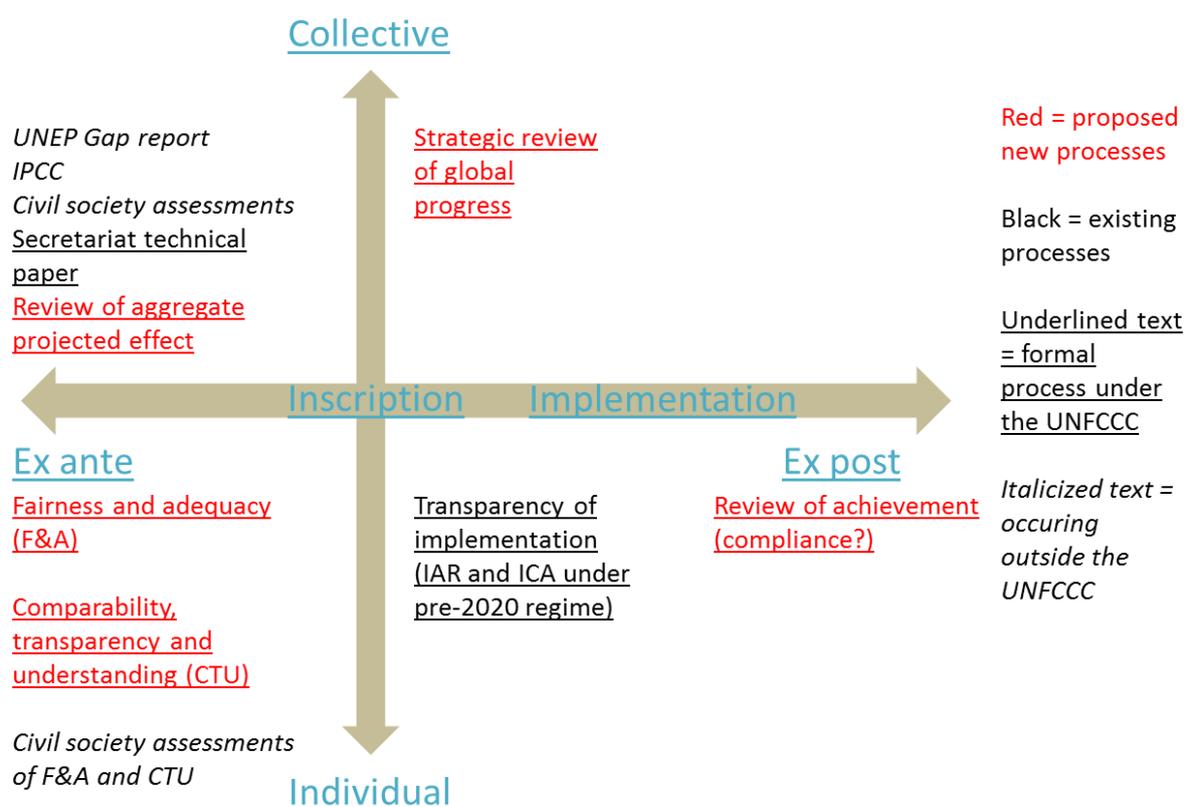
| Type of review | Individual or collective | Object |
|--|--------------------------|--|
| <i>Ex ante</i> , i.e. before inscription and implementation of the national contribution | Individual | This review aims to establish the fairness and adequacy (F&A) of each proposed contribution. Some Parties may envisage multilateral adjustments to contributions subsequent to this review. |
| | | This review aims to promote the comparability, transparency and understanding (CTU) of each proposed contribution, in particular regarding the provision of adequate upfront information. |
| | Collective | Aggregate projected effect with regard to the 2 degrees objective |
| Transparency of implementation system, i.e. subsequent to inscription and during implementation. | Individual | Review of progress towards contributions (transparency of implementation). |
| | Collective | Strategic review of global progress in implementing the objectives of the 2015 agreement and Convention. This is discussed further below. |
| Review of achievement of contributions after a contribution period | Individual | This refers to a compliance-type review of implementation at the end of the contribution period, either facilitative or punitive (review of achievement). |

In addition to different types of review, we can also distinguish between different *actors*, each of which could play different roles across the different types of review processes:

- Parties
- Existing processes or institutions under the Convention and new processes or institutions that may be established under the 2015 agreement, for example expert review teams as currently exist under IAR and ICA.
- The Secretariat
- Civil society, the research community and formalized processes outside the UNFCCC such as the IPCC or UNEP Gap Report.

Some of the review processes exist already formally under the UNFCCC. Some are conducted informally outside the UNFCCC, e.g. by civil society. In addition, many proposals have been made by Parties for new review processes, or improvements on existing review processes. Figure 1 tries to capture the landscape of existing or proposed review processes, either formally under the UNFCCC or outside. The horizontal axes is temporal, representing review processes taking place before inscription of contributions (*ex ante*), or after inscription, i.e. during implementation or subsequent to the end of a contribution period (*ex post*).

Figure 2: landscape of existing and proposed review processes



4 Regular Review and Rounds of Collective Action and National Contributions: A Proposal

4.1 Review

We outline below how each element in the above framework would be treated in the 2015 agreement.

- *How to address ex ante review for fairness and adequacy?* It has been a long-standing and controversial issue to define a common standard on equity and ambition with which to evaluate individual contributions in the context of the formal UNFCCC process. Some attempts have been made such as the Brazilian Proposal and the Equity Reference Framework. It seems that most Parties are not yet ready to adopt such an approach, as is evident in the focus on national determination as a key principle of cooperation. Definitions of fairness and adequacy are inherently subjective, contextual and subject to the ranges of uncertainty surrounding aggregate pathways compatible with 2 degrees and their application to individual countries. **Under the official process, the most feasible approach appears to be self-justification as with the current INDC process, combined with external civil society assessments.**

- *How to address ex-ante review for comparability, transparency and understanding?* On the other hand, **an official process for ex ante comparability, transparency and understanding of contributions should be established under the 2015 agreement.** An approach involving online question and answer and workshops for clarification of contributions could be used, as has been developed for the Cancun pledges under the Multilateral Assessment Process.
- *How to address ex ante review of the projected collective effect of the proposed contributions?* As there are still uncertainties in defining the exact requirements a 2 degree target entails, particularly when applied in the shorter term to specific countries, an iterative process to review aggregate effect of contributions based on latest scientific findings can provide a sound basis to enhance international cooperation. Review of collective efforts has often been conducted by international organizations and civil society, such as the IPCC and UNEP Gap Report. **The fact that other actors already undertake work on this aspect of review raises question of the value added of focusing the regime's efforts on this area as well. Non-UNFCCC processes for review of the collective effect of INDCs should be promoted, and could be taken note of inside the UNFCCC (such as through the Secretariat technical papers).**
- *How to address transparency of implementation?* The current UNFCCC regime has established relevant arrangements with regard to review of implementation, including reporting and review arrangements such as national communications, GHG inventories, Biennial Reports and Biennial Update Reports, and International Consultation and Analysis and International Assessment and Review (ICA and IAR). **These existing arrangements for transparency of implementation form a sound basis that should be strengthened under the new agreement. IDDRI has developed a proposal in this regard.**⁴
- *How to address review of achievement (compliance)?* Most Parties seem to consider that a facilitative approach to incentivizing and determining achievement of contributions is preferable at this stage of the regime. In the context of a long-term problem like climate change, ex-post verification of achievement risks arriving too late to enable corrective action in subsequent periods. Indeed, the logic of regular review and rounds of collective action and national contributions means that the current period becomes less relevant as the focus shifts progressively onto the next period. A key role for the regime is therefore to provide early signals and assurances of implementation and progress, more than ex post verification of achievement. **In this context we therefore propose that the main focus be placed on the improvement of the system for the transparency of implementation (see above), which can also enable, at the end of each period, an understanding of whether Parties have achieved their contributions.**

⁴ Deprez, A. et al (2015), "Transparency and the Paris Agreement: driving ambitious action in the new climate regime", IDDRI. <http://www.iddri.org/Publications/Transparency-and-the-Paris-Agreement-driving-ambitious-action-in-the-new-climate-regime>

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- *How to address strategic review of global progress towards the objectives of the agreement?*

We believe that a strategic review of progress, in real time, towards the objectives of the agreement should be a cornerstone of the new agreement. The purpose of review is to assess the progress made globally on mitigation, adaptation, finance, transparency, technology and capacity building. Full implementation of current commitments is crucial to strengthen mutual trust and enhance cooperative action. In particular, the implementation of mitigation and financial commitments are great concerns to many Parties. Sectoral bodies under the Convention also undertake similar reviews for their topics, such as the review of the Standing Committee on Finance. The objectives and modalities of this review are further explored in box 2. **It should be noted that this review would need to be based on a strengthened framework for the transparency of implementation.**

Box 2: A Strategic Review of Global Progress

Purpose: to regularly review global progress on the achievement of the objectives of the agreement; to provide assurances of adequate collective action; to assess and enhance international cooperation; and to provide a strategic input into each round of collective action and new contributions.

Scope: the scope of the review would be the achievement of the objectives of the agreement, and progress on mitigation, adaptation, technology, finance, transparency, and capacity building.

Timing: we propose that the review be conducted every five years, beginning in 2017, and provide input into a five year mechanism for rounds of collective action and national contributions, the first of which would begin in 2019-20.

Modalities: we propose that an *ad hoc* Committee be convened of Parties' representatives, selected on the basis of expertise and from a representative group of Parties. We propose that members of the sectoral bodies of the Convention (the Adaptation Committee, the Standing Committee on Finance, the Technology Executive Committee) be represented on the Committee. Ideally, the Committee could contain one or two representatives from the IPCC.

Inputs: the inputs would be the material gathered by the transparency of implementation system, such as emissions data, biennial reports, and review reports. In addition, the Strategic Review would draw on the work of the sectoral bodies of the Convention, in order to provide assessments on finance, adaptation, and technology. Importantly, we believe the review should be able to draw on outside information, through interactions with relevant international organisations such as the International Energy Agency or the World Intellectual Property Organisation and civil society.

Output: the output of the review would be a report to the attention of the governing body of the new agreement. This would not be a negotiation document, but rather an information document that could be taken note of by the governing body. Its central purpose would be to provide a non-political strategic input into the next round of collective action.

Responsibility for the output: the Committee would be responsible for producing the output of the strategic review.

4.2 Regular Rounds of Collective Action and National Contributions

We outline below our proposal on three key issues for regular rounds of collective action and national contributions:

- *How to address periodicity and commitment to propose new contributions?* Some consider that the predefinition of these two aspects should be as strong and clear as possible in the new agreement. This would take the form of a procedural commitment to propose a new contribution on a predefined periodicity. We believe that a 5 year periodicity is optimal, and should ideally be established in the 2015 agreement. 10 years would allow only two further interactions between now and the proposal of contributions to 2050, which is not enough to establish confidence and accelerated action.

Other Parties may be more reticent to commit to such a 'rigid procedure'. A middle option could be to establish a five year periodicity for strategic review of progress and link this to the expectation that the completion of strategic review would lead to another round of collective action and national contributions.

As very a minimum the agreement should establish the principle of regular, collective rounds of strengthened action, the modalities of which could be worked out after Paris.

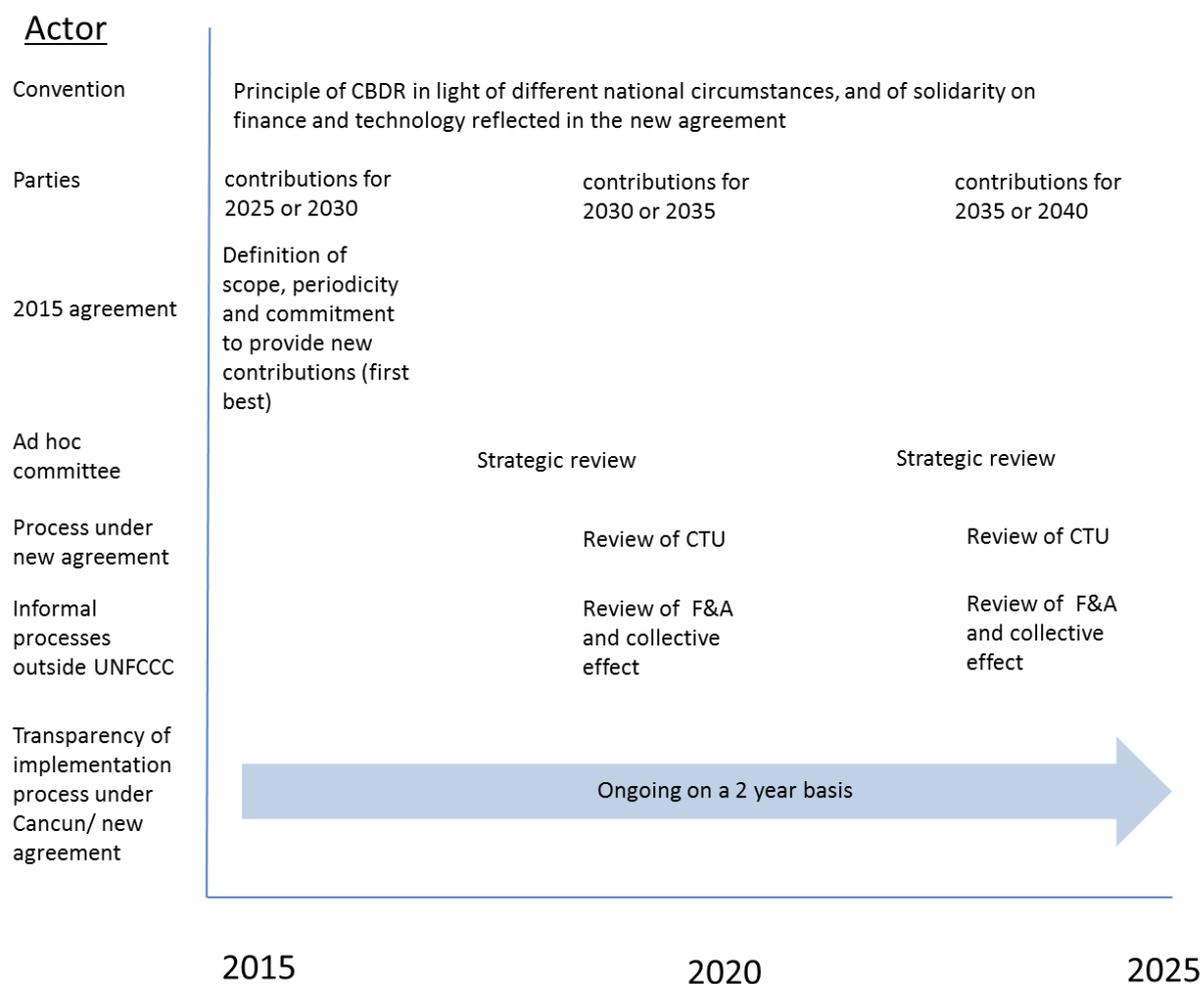
Our preferred option is to inscribe the precise periodicity of the rounds of collective action in the agreement: five years. This would indeed send a strong signal of commitment to a stable process to raise ambition over time, and may be considered a 'first best' option.

- *New contributions:* Some Parties envision a high degree of coordination around future submissions of new contributions. Other Parties would see this remaining the prerogative of Parties, coherent with the principle of 'national determination'. **We propose that future contributions remain nationally determined.**
- *Scope:* It seems difficult to establish in the new agreement the precise scope of new contributions, given the novelty of the INDC exercise and the divergence of views between Parties. **A better approach may be to establish general principles such as transparency and quantification⁵ for mitigation aspects of INDCs, and an overarching principle of contribution to the objective(s) of the new agreement.**

We now summarize how the system could work.

⁵ Consistent with Paragraph 14 of the Lima Call for Action, 1/CP.20.

Figure 3 : overview of regular review and rounds of collective action and national contributions under the 2015 agreement⁶



5 Relationship with the Convention and Continuous Development of All Aspects of the 2015 Agreement

The 2015 climate agreement will be adopted ‘under the Convention’, as agreed in the Durban Mandate. The principle of CBDR in light of different national circumstances should be the key guiding principle, as is indeed prefigured under the Lima outcome in 2014. In addition, the 2015 agreement should reflect the core principle of solidarity between developed and developing countries when it comes to financial support and the cooperation and diffusion of technologies.⁷ This should form the basis of continuous rounds of collective action on finance, technology, transparency, adaptation, and capacity building, in conjunction with new contributions for mitigation as described above.

Thus it can be assured that the 2015 agreement ensures the implementation of the Convention.

⁶ In this graphic, we present our first-best option in which the 2015 agreement defines the scope, periodicity and commitment to present new contributions.

⁷ In particular, articles 4.4 and 4.5 of the Convention.

We believe that costly renegotiation should be avoided. The lack of clarity about the framework of the 2015 agreement has led to conservatism and delay regarding the presentation of contributions this time round. This parallel negotiation of a wholly new framework, and new contributions should be avoided in the future. This being said, the 2015 agreement will need to be continuously developed in order to ensure its effective implementation, particularly to continuously develop the framework on finance, technology and adaptation. **Well known options exist to do so: provisions in the agreement that can be developed later, amendments, and implementation via decisions of the agreement's governing body.**

6 Remaining Issues

6.1 How to Organise the Ambition Discussion?

As mentioned above, one of the central purposes of regular review and rounds of collective action and national contribution is to promote ambition. However, it is important to understand how the ambition discussion should be organised in order for this to work. What references can be used to understand the ambition of countries' actions, and promote further stringency in future contributions? **This is particularly important in the context of a bottom-up regime, lacking institutionalized review of F&A.** We propose three kinds of references:

1. *Coherence with 2 degrees*: it is crucial to keep the top-down perspective in mind and the need for individual targets to be coherent with this objective. The objective of limiting warming to 2 degrees can provide important guidance to countries and normative pressure to increase the ambition of their actions. However, for the reasons discussed in section 2.1 this is not enough, as there are further barriers from a national perspective that need to be overcome.
2. *Coherence with long-term deep decarbonisation*: in the short-term, there are uncertainties regarding emissions trajectories coherent with 2 degrees and how they should be applied to different countries, given also different views on effort sharing. However, in the long-term (2050), it is clear that emissions per capita need to converge at a global level to very low levels; it is difficult to envisage significant divergences between countries on this timeframe if the 2 degrees goal is to be met. However, energy and economic systems are highly inert. This means that long-term coherence with deep decarbonisation requires stringent action immediately by all major emitters. The coherence of short-term action with long-term objectives can provide a key benchmark to understanding the ambition of countries' actions.
3. *Sectoral actions compared to best practice*: understanding the performance of countries on a sector by sector basis can provide further information on the ambition of their action. Firstly, a sectoral perspective enables a more concrete discussion on the potential and barriers to action in these sectors. Secondly, it can allow the use of sectoral reference points or comparisons with best practice. Thirdly, it can be used to understand the performance of countries at a sectoral level compared to what these sectors need to deliver in a 2 degrees pathway at the global or regional level.

We therefore suggest, in place of more normative and hence politicized discussions on fairness and adequacy, an approach which builds on the bottom up nature of the regime, and takes as its key

reference point the capacity of actions to lead to a credible transition to very low emissions in the long-term (2050).

6.2 Ex ante Rules Versus ‘Learning by Doing’ and Front-Runner Groups

The new agreement is intended to be “applicable to all”. Universality implies a trade-off with the stringency of rules and procedures under the new agreement. This will likely apply to the design of regular review and rounds of collective action and national contributions. In this context, it is important to consider how norms of conduct based on the implementation of relatively loose *ex ante* rules can be established. This reliance on implementation and learning by doing can be seen as analogous to the distinction between case law and statutory law. For such norms of conduct to be built up over time several conditions need to be fulfilled.

Firstly, interactions between Parties need to be sufficiently regular for the ‘institutional memory’ to be built concerning such norms of conduct. Secondly, it implies an important role for coordination of major countries in order to implement these rules in an exemplary way, and hence contribute to their ‘formalization’ over time. The implementation of the guidelines to ensure the transparency of INDCs is a good example of this kind of process. **Some of the construction of norms and good practice will need to take place outside the UNFCCC, and then be reflected back in the UNFCCC.** The US-China agreement, in particular the reflection of the new language on CBDR “in light of different national circumstances”, is an example of this kind of relationship.

It seems like ‘CBDR in light of different national circumstances’ will be a key principle of the new regime (for example, as it applies to ‘national determination’ of contributions). Regular rounds of collective action, by creating the conditions for regular interaction and hence reciprocity, could be a key tool for this national determination and increased ambition in the implementation of multilateral rules.

6.3 Front-runner Groups Outside the UNFCCC

We have argued throughout this paper that a key objective of regular rounds of collective action is to overcome barriers - *from the national perspective* - to greater ambition. These barriers relate to concerns i) at the national level about the feasibility of deep decarbonisation; ii) at the international level about the robustness of collective action. However, it would be wrong to propose that the dynamic agreement is the only tool to promote stronger action.

Deep decarbonisation will require a degree of confidence and cooperation that may be difficult to achieve in a multilateral setting ‘applicable to all’. This is not to reduce the importance of a multilateral agreement. **We believe that multilateral cooperation needs to remain a core aspect of the international community’s approach to climate change and that an agreement in Paris is essential in this regard.** However, this needs to be complemented by enhanced cooperation on specific challenges, be they sectoral, policy or technology-related.⁸ It is likely that this will need to take place within bilateral and plurilateral settings.⁹

⁸ Cf. Spencer, T. et al. (2015), “Reframing Climate and Competitiveness: Is there a Need for Cooperation on National Climate Change Policies”, OECD and IDDRI.

⁹ Cf. as well the proposals of the ACT 2015 consortium in this regard.

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The new agreement needs to ensure coherence and not conflict between these complementary efforts. Some way should be found to promote and recognize such efforts within the context of the new agreement. This could build on article 7.2c of the Convention, which mandates the COP to:

“Facilitate, at the request of two or more Parties, the coordination of measures adopted by them to address climate change and its effects, taking into account the differing circumstances, responsibilities and capabilities of the Parties and their respective commitments under the Convention ...”¹⁰

The modalities for such complementary efforts require further research and experimentation. Institutions and incentives are crucial to creating the degree of confidence and cooperation that are required for the undertaking of stringent measures to reduce emissions. The search for more effective arrangements for this kind of cooperation will likely be a key task after Paris. The role of the Paris agreement would be to ensure that this can happen without conflict with, but rather in complement to, the multilateral process.

7 Conclusion

The 2015 climate agreement should represent a shift in approach, which recognizes that raising ambition and meeting the 2 degrees target is a dynamic, iterative process. The key is to ensure that the agreement allows the progressive removal of the barriers to stronger action. The agreement should enshrine this approach by establishing a mechanism of regular review and rounds of collective action and national contribution. The objective of this mechanism is fourfold:

- Enhance the ambition of individual Parties’ action and of the collective response to climate change
- Reinforce international cooperation by keeping the agreement under regular strategic review, and developing all its elements
- Allowing learning by doing and flexibility to take into account but progressively reduce uncertainty
- Balance national determination with multilateral force by agreeing to a process of continuous interaction that can promote reciprocity and accountability to individual targets and the collective 2 degrees target.

While it may seem complicated, such a mechanism can be based on three simple elements to be enshrined in the new agreement:

- **The principle of regular, predictable, and rapid rounds of collective action and new nationally determined contributions.** We believe that a 5 year periodicity is optimal, and should ideally be established in the 2015 agreement. 10 years would allow only two further interactions between now and the proposal of contributions to 2050, which is not enough to establish confidence and accelerated action. New contributions should extend in time, ambition and scope current contributions. The next round of collective action should consist of new contributions being proposed in 2019-20, for the period 2030-35.

¹⁰ UNFCCC, Article 7.2c

- **The principle of national determination of future contributions.** The agreement should enshrine that future contributions will be nationally determined. In light of this, and given the existence of similar review processes outside the UNFCCC, we do not see the need to establish formal reviews of fairness and adequacy (F&A) for individual contributions at this stage. Likewise, a collective review of adequacy relative to the 2 degrees target can be done outside the UNFCCC, and reflected back into the UNFCCC.
- **The establishment of a periodic strategic review under the new agreement, as an impetus to the next round of collective action and national contribution.** In order to learn from experience, create a self-reinforcing sense of progress, and enhance accountability for collective objectives, a five yearly strategic review should be established, the first of which would take place in 2017-2018. This would be conducted by an ad hoc, representative body, which would present its report for information, not negotiation, purposes.

8 Annex 1: Key Lessons from Existing Review Processes

Multiple lessons can be drawn from the many different kinds of review processes that have emerged since the beginning of the Convention process. We here present some of the key conclusions:

- Review clauses and processes can be useful to provide a ‘hook’ to continue the process and develop the next round of collective action. This is the case for Article xx of the Convention which launched the Kyoto negotiations, and for Paragraph xx which launched the current Durban Mandate
- Review is often used as a proxy for political negotiations, and in such cases rarely produces useful results that can inform but not determine the process.
- Review can be time intensive and place significant pressure on the negotiations bodies. It is necessary therefore to better distinguish between negotiation and implementation, and between the political and technical aspects of review. Here a technical review committee can be an interesting opportunity.
- An ad hoc system of review and collective action does not send the right signals of a stable and durable regime. Copenhagen was widely perceived as a failure, despite the fact that it contained the seeds of the current process which represents a further opportunity to strengthen all aspects of the regime and mitigation aspects. There needs to be *ex ante* clarity that countries are embarked on a regular and predictable process of review, rounds of collective action and new contributions.